

129

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Review

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JANUARY—MARCH, 1952

129
**INDIAN
CO-OPERATIVE
REVIEW**

JOURNAL OF THE INDIAN CO-OPERATIVE UNION

PUBLISHED QUARTERLY

EDITORIAL COMMITTEE

Prof. HIRALAL L. KAJI, Chairman.

R G. SARAIYA,

N. SATYANARAYANA,

B. J. PATEL,

V. VENKATACHALAM,

K. C. RAMAKRISHNAN, Managing Editor.

THIS ISSUE CONTAINS :

ARTICLE ON :

PLACE OF CO-OPERATIVE ORGANISATIONS IN THE FIVE-YEAR PLAN

PROCEEDINGS OF THE FIRST INDIAN CO-OPERATIVE CONGRESS

REPORTS OF THE AUXILIARY CONFERENCES OF THE FIRST INDIAN
CO-OPERATIVE CONGRESS

ALL-INDIA RURAL CREDIT SURVEY QUESTIONNAIRE ON AGRICULTURAL CREDIT

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SRI BHOGARAJU VENKATARATNAM.

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Reserves	... „ 28,61,242.

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Summary of Balance Sheet as on 30-6-'51.

<i>Liabilities.</i>		<i>Assets.</i>	
	Rs.		Rs.
Paid-up Share Capital	... 17,34,700	Cash on hand and balance with Banks	... 80,308
Reserve and other Funds...	28,61,242	Loans to Primary Banks	... 4,35,77,979
Debentures	... 5,08,77,100	Sinking Fund Investments...	81,37,780
Deposits, Loans and Over-drafts	... 10,08,275	Other Investments	... 46,65,859
Sundry Liabilities	... 3,57,122	Sundry Assets	... 7,36,118
Profit	... 3,60,205		
Total	... 5,71,98,644		5,71,98,644

M. DATTATRAYULU, B.A., C.A., I. I. B.
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(With Special reference to Co-operative Movement)

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Foreword by

Prof. D. R. GADGIL, M.A., M.LITT.

The book is the first comprehensive Indian publication on the subject of rural finance. The Five-Year Plan formulated by the Planning Commission has given top priority for the development of agrarian economy, and this only emphasises the urgency for a scientific and objective study of the problem of agricultural finance. The long-felt need for such a study has been ably met by Mr. Rangnekar's work. The author, who was for some time a Professor of Commerce at the M. J. College of Commerce, Bhavnagar, is a financial journalist of repute and at present on the Editorial staff of the *Times of India*. He has brought to bear on his work all his intelligence and expert knowledge of the subject, of which he has made a special study.

The book deals thoroughly with the problem of rural finance, agricultural credit needs and agencies, marketing finance, rural indebtedness and savings, the operation of debt relief and tenancy laws, the working of co-operative banks and societies, the system of long-term credit. Special sections have been devoted to the discussion of Financial Reconstruction, the Role of the Reserve Bank of India, and Crop Insurance.

Pages 245, Cloth Bound, Price Rs. 15.

Published by: The Co-operators' Book Depot,
9, Bakehouse Lane, FORT, BOMBAY

GRAMS: 'Markfed'

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	Rs.
Authorised Share Capital	7,00,000
Subscribed Share Capital	4,26,100
Paid up Share Capital	3,21,137
Deposits	33,21,107
Reserve and other Funds	5,22,269

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Life Assurance Fund...	„ 1,02,97,135

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Deposits	... „	8,69,97,000
Working Capital	... „	10,43,93,500

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THE INDIAN CO-OPERATIVE REVIEW

VOL. XVIII

JANUARY—MARCH, 1952

No. 1

CONTENTS

PAGE

EDITORIAL NOTES

First Indian Co-operative Congress; Prof. H. L. Kaji and Sri R.G. Saraiya; The late Sri T.A. Ramalingam Chettiar	1
--	---

FIRST INDIAN CO-OPERATIVE CONGRESS

Welcome Address of Sir J. A. Madan	...	9
Inaugural Address of the Hon'ble Shri K. M. Munshi, Minister for Food and Agriculture, Govt. of India	...	12
Presidential Address of Diwan Bahadur Prof. H. L. Kaji, M.A., B.SC. I.E.S., (RETIRED) J.P.	...	16
Speeches of Fraternal Delegates :		
Speech of Mr. W.P. Watkins	...	29
Speech of Dr. P. P. Pillai	...	31
Speech of Mr. R. N. Henry	...	32
Speech of Mr. M. Rajaratnam	...	34
Discussions	...	36
Resolutions passed at the First Indian Co-operative Congress.	...	81

REPORTS OF AUXILIARY CONFERENCES OF THE FIRST INDIAN CO-OPERATIVE CONGRESS

Housing Conference	...	85
Administration Conference	...	86
Education and Training Conference	...	92
Small Scale and Cottage Industries Conference	...	93
Marketing and Trading Conference	...	96
Insurance Conference	...	98
Consumers' Conference	...	99
Banking Conference	...	100

ARTICLE

Place of Co-operative Organisations in the Five-Year Plan By R. G. Saraiya, O.B.E.	...	103
---	-----	-----

ALL-INDIA RURAL CREDIT SURVEY—QUESTIONNAIRE...	110
--	-----

SUPPLEMENT :—

General Body Meeting of the I. C. U.	
--------------------------------------	--

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" " " 2 years	...	2½ " "
" " " 3 years	...	3 " "
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Current Deposit Account	...	½ " "

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Government of West Bengal. (Ex-Chief
Officer, Agricultural Credit Department,
Reserve Bank of India)

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1. Contributions are invited from advanced students and active workers in the co-operative field on aspects of co operation with which the *Indian Co-operative Review* will deal from time to time.
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4. Manuscripts of articles not accepted for publication will be returned to the writers, if they so desire
5. Every contributor will receive one copy of the issue of the *Indian Co-operative Review* containing his article and 20 off prints of the article.
6. Other journals can extract articles published in the *Indian Co-operative Review* with due acknowledgment.
7. Books and Reports on Co-operation and allied subjects will be thankfully received and reviewed as early as possible in the *Indian Co-operative Review*, provided two copies of them are sent by the publishers. Two copies of the *Indian Co-operative Review* containing the review will be sent to the publishers.

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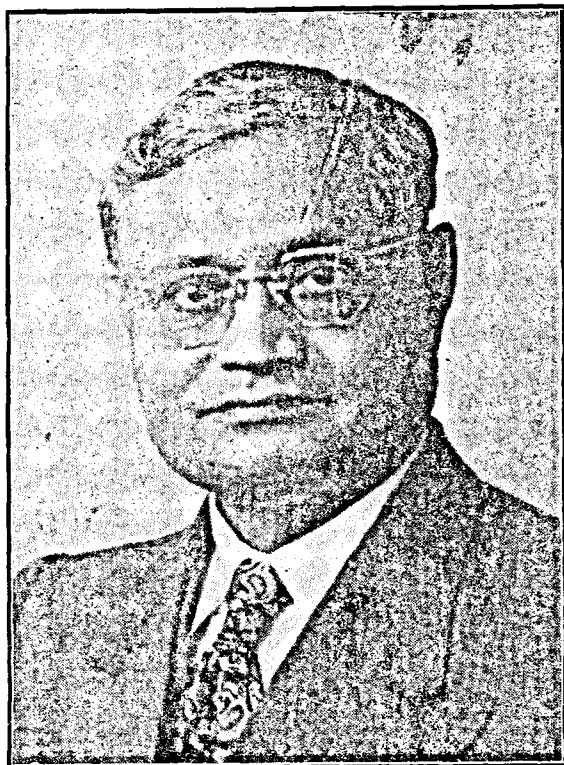
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SRI R. G. SARAIYA, O.B.E.
New President of the Indian Co-operative Union

THE INDIAN CO-OPERATIVE REVIEW

VOL. XVIII

JANUARY—MARCH, 1952

No. 1

EDITORIAL NOTES

The First Indian Co-operative Congress which was held at Bombay, under the auspices of the Indian Co-operative Union, in the Cawasji Jehangir Hall from the 25th to 27th February this

The First Indian Co-operative Congress.

year marks the beginning of a new era in the history of the Indian Co-operative Movement.

This was the first occasion on which fraternal delegates from foreign countries and representatives of the International Co-operative Alliance and the Food and Agriculture Organisation of the UNO attended an Indian National Co-operative Conference as observers. The Congress is an event of outstanding importance in that representatives of co-operative institutions all over the country representing almost all the facets of the Movement and officials of the Governments—States and Central—numbering over 400 discussed and arrived at agreeable solutions to the problems that confront the Movement. This happy co-operation between the officials and non-officials at the Congress will, we hope, pave the way for happier collaboration between them while at the posts of their duty.

Sir Janardan A. Madan, Chairman of the Reception Committee, welcomed the delegates to the Congress. In his address he narrated briefly how, for the first time in the history of the Movement in India, they in Bombay initiated a scheme whereby the State, the co-operative organisation and the Reserve Bank of India combined to bring within the reach of every credit-worthy agriculturist the means of institutional finance for his legitimate needs. He said that in Bombay they had a State Co-operative Council of which the Executive Committee of the Bombay Provincial Co-operative Institute was the nucleus also they; had a Co-operative Tribunal which relieved the Registrar of his judicial functions. He felt that it would be worth-while for other States to copy these two developments.

The Congress was inaugurated by the Hon'ble Sri K.M. Munshi, Minister for Food and Agriculture, Government of India. Hon'ble Sri Munshi in his address called the attention of the Congress to the rather uneven geographical development of the Movement which varied from 3.6 societies per a lakh of population in Vindhya Pradesh to nearly 203 societies per a lakh of population in Coorg, and the lopsided functional development as a result of which about 80 per cent of agricultural societies still are credit societies despite efforts to encourage other forms of co-operation. To the advocates of multipurpose societies he, rather rightly, sounded a note of caution that the integrated approach should not be carried too far regardless of sound business principles. He felt it was necessary to ensure that integration was not forgotten, complementary activities only were taken up and the link of common interest of most of the members was not ignored.

Sri Munshi said that as the plans for development multiplied the Movement would be called upon to share greater responsibility in the execution of the plans and that co-operators should seize the opportunity and keep pace with the march of progress. He drew pointedly the attention of the Congress to the urgent need for increasing agricultural production and the role that co-operatives could play. He asserted that Co-operative Movement alone duly orientated and concentrated on farming could overcome the greatest obstacle in the drive for production, viz. the smallness of land holdings associated with a very low level of farming efficiency. He wanted the Co-operative Movement to become a producing movement instead of a banking movement. Finally, he advocated the formation of a national union of farmers, comprising all those connected with farming including co-operators and interested in maximising production from land, pledged to transform soil. He wanted the Congress to take steps to sponsor such a movement. But the Congress even after prolonged discussions could not come to a unanimous decision on this matter and had to drop the subject without adopting any resolution.

Prof. Hiralal L. Kaji, President of the Indian Co-operative Union, despite the poor state of his health, presided over the opening session of the Congress. He expressed his inability to attend on the succeeding two days and requested Sri R.G. Saraiya,

Chairman of the Bombay Provincial Co-operative Bank, to preside over the Congress in his absence. In his Presidential Address, Prof. Kaji traced the steps by which the Congress came into being out of the All-India Co-operative Conference and the Registrars' Conference. This evolution of the Congress was more due to his personal persistent efforts.

Though we stand pledged to achieve Co-operative Commonwealth he was afraid that its connotation was not properly understood. He opined that a vigorous national policy, both by the Centre and by the States, about the nation-wide acceptance of the basic co-operative principles was called for at the moment. He pleaded that at least a few of the basic co-operative principles viz., one man one vote and no proxy and limitation of dividend on capital which would be fair to the investor and includes a liberal margin for insurance against risk, should be incorporated by Parliament in the Indian Company Law. He further urged the inclusion in the Statute Book of a section prescribing 2 or 3 per cent as the minimum interest payable on capital whether the concern earned a profit or not.

After pointing out the defects of State Trading in detail, Prof. Kaji desired that such trading as was done by the State should be entrusted to strong co-operatives. He admitted that the marketing co-operatives were relatively small and lacked experience. But he stressed that they had one valuable asset and that was honesty. He hoped that they would be well equipped in a year or two to efficiently undertake such trading including purchases abroad on behalf of Government.

Turning to Consumers' Movement he said that the view of the Co-operative Departments that the Consumers' Movement would develop and continue to prosper even after the withdrawal of controls appeared too optimistic. He observed that where there were large populations of South Indians, co-operative stores came into being and were run successfully and pitied that the rest of India had not been able to imbibe the benefits and influence of a well developed store movement. He stated that the real success of the Consumers' Movement was a problem of vital importance for the Central and State Governments and urged the Governments to encourage the formation of such stores:

Prof. Kaji reiterated the demand for the setting up of a Central Co operative Council with a Directorate of Co operation for co-ordination of co operative activities all over the country and for providing institutions for co-operative education and research. The Congress, with practically no discussion, adopted a resolution asking for immediate creation of a Central Co-operative Council and State Co operative Councils.

One controversial point that was raised by Prof. Kaji in his Presidential Address was payment to honorary workers. In spite of his cogent reasons in favour of payment, the Congress was against the adoption of this principle as a policy while it had no objection to payment to honorary workers by individual institutions, if they so choose.

Prof. Kaji pleaded for progressive de-officialisation of the Co-operative Movement. He recommended that Registrars be instructed to select societies under them which had been conspicuously successful for a fairly long period and to exempt them from various provisions of the Co-operative Act so as to secure to them unrestrained freedom to manage their own affairs, the Registrar retaining the power of occasional audits and inspections so as to satisfy himself about their continued efficiency. He opined that the Registrar's control and increasing officialisation continued a very serious danger which had been one of the basic reasons for the want of success that had dogged their footsteps in the co-operative field. It is a pity that the Congress had to drop the subject after some amount of discussion, though it figured on the agenda, for want of time to discuss it threadbare. We wish this subject is discussed at least in the next Congress and the hatchet of the long drawn controversy is buried once and for all.

Prof. Kaji expressed his disappointment in unmistakable terms at the Draft Outline of the Five Year Plan. He regretted that the Planning Commission had ignored the importance of the agency of the co-operative society as the centre of all development activities in the rural area and recommended the establishment of different agencies for this work. He opined that by multiplying agencies in the village no quick results could be obtained unless

by compulsion. Also he sounded a note of caution to the enthusiasts of co-operative farming who desired to organise farming societies on a large scale.

It will be seen from the resolutions passed at the Congress, published elsewhere, that only such subjects as were of common interest to the Movement all over the country were placed on the agenda for discussion. The resolution on the Draft Outline of the Report of the Planning Commission rightly expressed the dissatisfaction of the Congress at the minor role assigned to Co-operation in the execution of the Plan. We hope and trust that the Government of India and the Planning Commission would suitably modify the details of the plan while finalising the Report and assign to the co-operative agency an important role in the execution of the Plan. Another resolution claimed that organised co-operative opinion should be consulted before the State formulated its policy of development while exhorting co-operators in each State to prepare a plan of co-operative development within the overall State and National Plans. The subject of co-operative farming was keenly discussed. Though a minority were in favour of statutory provision for compelling a small minority of farmers who stay away from the majority and thus successfully hinder the formation of a farming society, a substantial majority of the Congress were in favour of voluntary co-operation. This expression of faith in voluntary principle by the majority of the Congress augurs well for the future of the Movement in our country.

Prior to the Congress, *i.e.*, from the 21st to the 24th February, Auxiliary Conferences were held at the Council Hall, Bombay, on important subjects *viz.*, Housing, Administration (Departmental), Education and Training, Small Scale and Cottage Industries, Marketing and Trading, Insurance, Consumers' Movement, and Banking. The aim of these conferences, it was said, was to enable co-operators in the different States in the same field of activity to gather separately, pool their experiences and discuss problems of common interest. The conferences were well attended and many of the delegates took part in the discussions with keen interest. The aim of the Conferences was amply fulfilled. For want of space we are not able to publish detailed proceedings of these Conferences. But we publish elsewhere brief reports of

these Conferences, as were made available to us, giving the sense of each Conference. It is understood that the Executive Committee of the Indian Co-operative Union would consider the conclusions arrived in at these Conferences and take suitable action there on.

*

*

Prof. H. L. Kaji sent a farewell message to the Congress, at the time of the concluding session, expressing regretfully his desire to be relieved of the Presidentship of the Union and the Congress in view of his continued ill-health and the absence of hope of recovery to anything like normality. It was a touching spectacle to see him reiterate this demand in his opening remarks at the General Body Meeting of the Indian Co-operative Union held at 4 p. m. on the 27th February at Cawasji Jehangir Hall over which he presided. However much he explained that the Union then started on a career of greater importance involving greater service to the country and required the services of a young and energetic President who would put more time and effort for achieving the objects of the Union, it appeared as if the bonds of endearment that had drawn the leader and the followers together over a length of time and bound them together could not be cut easily. Yet the followers had no alternative but to accept the decision of the leader. And the best they could do was to honour him by nominating him as an individual member of the Union and thus be assured of Prof. Kaji's continued connection with the Union and themselves.

The unanimous election of Sri R. G. Saraiya as President of the Union, amidst cheers, was applauded by Prof. Kaji. In fact, he expressed his satisfaction at the election of Sri Saraiya who, he said, eminently fitted to take up the reins of the Union by virtue of not only his vast experience and understanding but also of his energy and enthusiasm and capability to rise up to meet any occasion. Sri Saraiya has been a Director of the Bombay Provincial Co-operative Bank since 1932 and has been the Chairman of the Board of Directors of the Bank from 1939. He has been the Chairman of the Bombay Co-operative Banks' Association since 1940. He was appointed Chairman of the Co-operative Planning Committee in 1946. He is a member of the Standing Advisory Committee on Rural Credit of the Reserve Bank of

India. His vast experience and knowledge of Co-operation, particularly of credit, is perhaps unique. We look forward to the Union marching from strength to strength under his able guidance.

*

*

*

We are deeply grieved to record the demise of Sri T. A. Ramalingam Chettiar, M.P., Vice-President of the Indian Co-operative Union, at his residence at Coimbatore on the 12th February 1952. Sri Chettiar was one of those few chosen leaders in the Co-operative Movement with whom Co-operation was a faith and discharged the duties cast upon leadership notwithstanding the state of his health or personal conveniences to the very last of his life.

The late
Sri Ramalingam
Chettiar, T. A.

Sri Chettiar's connection with the Co-operative Movement dates back to 1912. He was a member of the Madras Committee on Co-operation (Townsend Committee), 1928 and was the Vice-President of the Committee on Co-operation (Vijayaraghavacharya Committee) appointed by the Madras Government later in 1937. He was one of the founders of the South India Co-operative Insurance Society, The Madras Co-operative Central Land Mortgage Bank, The Madras Provincial Co-operative Marketing Society and the Madras State Handloom Weavers' Co-operative Society and was the President for some time of all except the Insurance Society. He was the President of the Coimbatore District Co-operative Central Bank and of the Madras Provincial Co-operative Bank for over ten years and was holding these positions at the time of his demise. For some time he was the President of the Madras Provincial Co-operative Union and of the Tamilnadu Co-operative Federation. Owing to his wide experience and rich knowledge of the Co-operative Movement, his services were constantly in demand both by the State Government and co-operative institutions. He was appointed as a member of the Standing Advisory Committee on Agricultural Credit (Reserve Bank of India) in 1951.

Sri Chettiar was one of those few co-operators of his time endowed with a remarkable spirit of independence coupled with

fearlessness. He was always on the side of what he sincerely believed to be just in any controversy and fought tooth and nail relentlessly yielding no ground all the time. His speech at the Madras Provincial Co-operative Conference in the year 1942 which in fact marked his entry into the ring in the fight for the preservation of dignity and freedom of non-official co-operators which were sought to be usurped by the Department, is still green in the memory of those who have anything to do with the Movement in Madras State. It was possible for him to identify himself with the cause he championed as he cared little for honours or honoraria.

Though Sri Chettiar joined the Congress Party as early as in 1915 he was later attracted by the All-India Liberal Federation. But ultimately he came back to the fold of the Congress in the year 1935 and gave up his title 'Dewan Bahadur' conferred on him earlier by the Government in recognition of his public services. Ever since he remained a congressman. He was a member of the Madras Legislative Council from 1920 upto 1939 except for a short period of two years. He was elected as a member of the Constituent Assembly in the year 1945. He was again returned unopposed to the Parliament at the last General Election.

Sri Ramalingam Chettiar was one of those few public workers who gave up a lucrative source of income—practice at the Bar—and devoted his entire time to public activities. The range of his public activities was wide. It is not an exaggeration to say that he was not only connected but actively associated with almost all public activities in Tamilnad.

This is but a poor homage to the departed co-operative leader of the South who richly deserves a lasting monument to his memory to enable co-operators of the future to draw inspiration from.

FIRST INDIAN CO-OPERATIVE CONGRESS

Bombay, 25th to 27th February 1952

The first session of the Indian Co-operative Congress was held in Bombay from the 25th to 27th February 1952 at Sir Cowasji Jehangir Hall, under the auspices of the Indian Co-operative Union. The Congress was attended by delegates from almost all the State Governments, Government of India, the Reserve Bank of India and many provincial societies in the country, representing almost all the facets of the Movement. Fraternal delegates from the International Co-operative Alliance, the International Labour Office, the Food and Agriculture Organisation of the U.N.O., Malaya and Israel attended the Congress. The Congress was presided over by Dewan Bahadur Prof. H. L. Kaji, President of the Indian Co-operative Union. Sri K. M. Munshi, Minister for Food and Agriculture, Government of India, inaugurated the Congress. Sir Janardan A. Madan, Chairman of the Bombay Provincial Co-operative Institute, welcomed the delegates.

The proceedings of the Congress commenced at 2 p.m. with the singing of two co-operative songs followed by a pageant 'Co-operative Cosmos'—written by Prof. H. L. Kaji—staged by the students of the Sydenham College of Commerce, Bombay.

Welcome Address of Sir J. A. Madan

I have great pleasure in welcoming you all to-day to this the first session of the Indian Co-operative Congress.

In the past, Registrars of Co-operative Societies along with a few nominees of the Governments of provinces and States, used to meet in periodic session to review problems of co-operative policy and administration. These conferences served the dual purpose of an exchange of useful information and the evolution of a common policy. Later on, an All-India Co-operative Conference, mostly of non-official co-operators, was also being held. The purpose of this conference was more or less the same as that of the Registrars' Conference, though naturally criticism of, and suggestions to Governments figured more prominently in the former than in the latter. Apart from cases of administrative interference which was resented by the non-official spokesmen, there was however little to divide the two gatherings. As gradually the composition of Governments began to be popularized the difference between the two practically vanished. The last session of the Registrars' Conference, held at Madras in 1947, was presided over by no less a person than Hon'ble Dr. Rajendra Prasad, who then was member in charge of Agriculture in the Government of India. This conference unanimously endorsed a resolution passed earlier at the All-India Co-operative Conference held in the same place, to the effect that the two conferences should be merged so as to form one national body of co-operators.

This decision was accepted by the Government of India, and we co-operators, official and non-official, are thus able to meet to-day together at this Congress.

I have to thank the Executive Committee of the Indian Co-operative Union for accepting the invitation of the Bombay Provincial Co-operative Institute, and agreeing to hold the First Session of the Congress in Bombay. The delegates to the Congress have come from long distances, and while we have spared no pains in making their stay in Bombay comfortable, I am conscious, that there may be some deficiencies in the arrangements. I hope the delegates will overlook these deficiencies in a truly co-operative spirit. To the distinguished visitors, including fraternal delegates from foreign countries, who have been good enough to respond to our invitation, I extend a most hearty welcome.

This is the first All-India gathering of co-operators that is meeting after the attainment of freedom and the establishment of a republic. While the former enhances our opportunities, the latter emphasizes our responsibilities. The latter have been inscribed in the preamble of the Constitution and the special part in it that deals with the guiding principles of State policy. To ensure social justice and equality and to provide, as far as the resources of the State permit, employment to all citizens, are the principal objectives of the new Indian State. It is not feasible to combine all these into a coherent policy except through a co-operative reconstruction of society. Equality of status, remuneration in proportion to the contribution to the common effort, and economic organisation without loss of individual initiative are the special attributes of co-operation. Hence, a Co-operative Congress is really an all-India forum for thinking out the early implementation of the economic and social principles of the Constitution.

This is thus the First Session of the Indian Co-operative Congress. We in Bombay, have always believed that there are no artificial limits, of community, nationality or organisation that should be placed on the expansion of the co-operative brotherhood. In close co-operation between the different parts of the movement and between what are usually described as official and non-official co-operators, we have been able to achieve encouraging progress in the co-operative field. While we cannot claim that we have been as successful in our plans of expansion as we desired, we have in recent years, achieved an expansion, which gives ground for hope. In the sphere of rural credit, we have initiated, I believe for the first time in the history of co-operation in India, a scheme whereby the State, the co-operative organisation and the Reserve Bank combine to bring within the reach of every credit-worthy agriculturist the means of institutional finance for his legitimate needs. The organisation of village artisans and of urban craftsmen into industrial co-operatives has advanced to a stage where it has been found necessary to set up almost a separate department in the State to look after them. Training of co-operative workers and officials, at all levels, from simple membership of a co-operative body to that of a

gazetted officer has now been organised on a systematic basis. Thus while on the one hand the movement is extending its influence over new and increasing activities, care is being taken to see that the quality of the organisation does not suffer in the process. In fact it is realized that without loss of time the co-operative organisation must be capable of rendering efficient service most democratically than, and at least as efficiently as, a departmental or a private organisation. While it will be too much to claim complete success in all our efforts to ensure this, we have the satisfaction of having set our feet on the right path and of having kept on moving, slowly yet surely, in the direction of the national objective of a Co-operative Commonwealth.

While conditions vary from State to State, experience gathered in all places is likely to help in a fuller understanding of our problems. We can learn by one another's mistakes, and pick up hope and courage from one another's achievements. The several topics discussed at the Congress will, I am sure, be approached in a spirit of genuine inquiry and of a constructive desire to build up a structure of practical achievement.

In Bombay State, we have been singularly fortunate in having for the last six years as Minister for Co-operation, the Hon'ble Shri Vaikunth L. Mehta, who is not only the foremost co-operator of our State, but also a distinguished co-operator of international reputation. While it is true, there has never been any conflict between officials and non-officials in the long history of the co-operative movement in our State, we can point to some definite steps taken by Government, during the Ministership of Shri Vaikunth Mehta, for the democratisation of the co-operative movement. I shall cite only two instances. In Bombay State, we have now a Co-operative Council of which the executive committee of the Institute is the nucleus. The Chairman of the Institute is the Chairman of the Council and the Registrar of Co-operative Societies is its Secretary. Secondly, we have a co-operative tribunal, which relieves the Registrar of his judicial functions. It would be worth while for the other States in India to consider if these two developments should not be copied by them.

It is very fortunate that Shri K. M. Munshi, Minister for Food and Agriculture, Government of India has kindly consented to inaugurate the Congress. If I were addressing a purely Bombay audience, it would perhaps have been hardly necessary for me to say anything about him, so well-known is he in our State. Other parts of the country also know him, as a distinguished lawyer, politician, social reformer and educationist. As Minister of Food and Agriculture he is in charge of the portfolio of Co-operation, and it augurs well for the healthy development of our movement, that the portfolio should be in the hands of a man of the culture and eminence of Shri Munshi. I now request him to inaugurate the Congress.

Inaugural Address of the Hon'ble Shri K. M. Munshi,
Minister for Food and Agriculture, Govt. of India

Freinds,

I have great pleasure in being in your midst today to inaugurate the First Indian Co-operative Congress on the invitation of my old friend Prof. Kaji.

More than once my attention has been drawn to the need of a Directorate of Co-operation in my Ministry. I also realize the urgent need of closer co-operation between the movement and my Ministry. And in the few weeks at my disposal, I shall be delighted to meet your representatives to consider the possibility of such co-operation.

During the last four decades, the co-operative movement has found a firm footing in India. The progress has been particularly marked during the last decade. And I am glad to find that the number of societies now stands at about 1.7 lakhs and their membership is over 1½ crores.

However, even after forty years, the movement touches only a fringe of our total population. Its geographical development has been uneven. The number of societies varies from 3.6 per one lakh of population in Vindhya Pradesh to nearly 203 per one lakh of population in Coorg. The membership and working capital also show a similar wide variation. Bombay, Madras and Uttar Pradesh account for nearly 40 per cent of the total number of members and 68 per cent of the working capital. Madras and Bombay alone account for about 66 per cent of the total loans advanced by agricultural societies during 1949-50.

Another important feature of the movement is the rather lopsided functional development of the movement. It started with a view to providing cheap credit to the farmer. But despite efforts recently made to encourage other forms of co-operation, provision of credit still remains by far the most important aspect of co-operation; more than 80 per cent of the agricultural societies are credit societies.

What has been the measure of success even in this limited sphere? Only a small fraction of the rural population is covered by co-operative movement. In many States like U.P., Madhya Pradesh, Madhya Bharat, Bihar and Assam, rates of interest are as high as 12½ per cent and rise at times to as much as 15 per cent. Only in a few States like Bombay and Madras has it been possible for the movement to provide finance at moderate rates to members. There has hardly been any significant progress in the supply of long-term credit. Further, the organisation and management of most of the societies compare very unfavourably with certain other forms of business organisation in this country and are frequently made use of for extraneous purposes.

I do not want to belittle what has been done so far. I want the First Congress to be realistic and do a little heart-searching without which progress will not be rapid and purposive.

The emphasis at present seems to have been transferred on multi-purpose societies which would cater to all the needs of the farmer as a producer, seller, borrower and consumer. This sound and integrated approach should not be carried too far regardless of sound business principles. It is necessary, in particular, to ensure that integration is not forgotten, complementary activities only are taken up and the link of common interest of most of the members is not ignored.

One main reason why co-operation has not been very successful in this country so far is that co-operative societies have usually been too small and uneconomic to employ good managerial and technical personnel. Often ambitious men of the locality have assumed control of the society for extraneous purposes, and in several cases unscrupulous men have been known to misuse a society's resources. The need for a well-trained personnel cannot be overstressed.

First, the average societies with limited means should be federated in a union with a common executive staff of well-trained officers; Secondly, the executives and technical staff should be provided with specialised training; Thirdly, there should be a cadre of regional officers and another of State and all-India officers with assured pay and prospects in order to draw the best talent for executive and technical work. Training the personnel rests naturally with the State Governments, several of whom have made provision in their development plans for additional training facilities. The Reserve Bank of India has also been paying considerable attention to this aspect of the problem. The Indian Co-operative Union too can take active interest in the matter.

As our plans for development multiply, the co-operatives would doubtless be called upon to share an increasing measure of responsibility. In Bombay, Madras and Hyderabad, the State Governments are already utilising the services of co-operatives for distributing seeds, manures and fertilisers. The opportunity should be seized to keep pace with the march of progress. But the movement can thrive only when aided by enthusiasm amongst the workers and the public.

How should the movement be directed so as meet the country's needs? It must take a definite step forward; from a banking movement, it must become a producing movement.

India is an agricultural country. Its backbone is the six crore farmers. Its paramount, imperative need is to utilize land, water, man and cattle resources to transform our neglected, fast eroding 240 million acres of cultivable land in the shortest space of time so as to counter the pressure of population and the march of erosion.

To fulfil this need is the greatest task of this generation. Any other objective, any movement which weakens or diverts the will to the production of primary raw materials is to undermine the structure of our life and destroy our future.

The greatest obstacle in a drive for production is the smallness of our holdings associated with a very low level of farming efficiency. Only co-operative movement duly orientated and concentrated on farming can overcome this obstacle.

There can be co-operative societies for farming, marketing, cattle-breeding and dairying, for planting fuel forests, for providing compost and fertilisers for irrigation, for building approach roads or, for all these purposes.

The broad fact is that we cannot have a successful production drive unless more rainfall is conserved. We utilize barely five per cent of it; we require at least twenty-five per cent to complete the transformation of our soil. Minor irrigation works, therefore, are the need of the hour. To speed up production we must all over the country, repair, desilt, enlarge and realign existing minor works, and start minor irrigation works on the top-most priority basis.

The G. M. F. campaign includes schemes of minor works, but the process is too slow, too limited and too official. The country must take up this work and the co-operative movement, the largest organised constructive activity, must be harnessed to it. For, none can help the country if it does not help itself.

In order to promote this drive, the Centre will be prepared to help the State in an appreciable measure to carry out with immediate effect, appropriate minor irrigation works approved by the Planning Commission under the Five-Year Plan, provided not less than 25 per cent of its cost is met by the area served either in the shape of money or labour under the Land Army Scheme.

I hope I will secure early response from the States to this scheme. I equally hope that you and, through you, the societies you represent, will take up this work in right earnest.

Every minister seeks the co-operation of the farmer; every newspaper complains that popular co-operation is not enlisted; the officer by the nature of his office cannot enlist it; and the public worker rarely comes forward to organise it. But it must be done.

The time has come for you—the representatives of one and a quarter crore workers—to take a bold vast step, a step that will engender universal enthusiasm. The dynamic will to produce should be created and canalised by organising a National Union of Farmers, away from politics and forswearing controversies; working not for rights but duties, not for money or power, but for the salvation which lies from the development of the soil.

This Union should comprise men interested in maximising production; enthusiastic co-operators, tractor dealers, implement manufacturers, fertiliser agencies, trained experts, enthusiastic workers; cattle-breeders; farmers—large and small; of all soil-minded men pledged to transform soil.

To develop soil mindedness; to look after the farmer; to organise farmers' clubs and co-operatives; to co-ordinate all farming and allied activities; to perform the alchemy of land transformation;—these should be its objects.

Government in the Centre and the States, I am sure, would welcome such a move and give you every assistance. During the time I occupy my present office—and even thereafter—I shall do my best to help it.

Above all, we want the faith, the will and the pledge to be soil-minded. This pledge has been delivered to us by the Vedas—our Rock of Ages—in the glorious morn of India's life.

Thou shalt not spurn food;

That is the First Pledge.

For life is food, and the body the eater thereof,

In life alone rests body, and body in life,

And, food, therefore, in food.

Thou shalt not forswear food:

That is the Second Pledge.

Thou shalt grow food in plenty:

That is the third Pledge

For, Earth is food,

And Akash enveloping it, is the eater thereof.

Thou shalt not turn away the hungry from your home:

That is the Fourth Pledge.

Food, therefore, shalt thou grow,

More and ever more,

By every means and all.

Sri V. P. Varde, *Honorary Secretary of the Congress*, then read the messages received from Dr. Rajendra Prasad, President of the Indian Union, His Excellency Raja Maharaj Singh, Governor of Bombay, (published below), Sri C. D. Deshmukh, Minister for Finance, Government of India, Sri V. L. Mehta and some other distinguished Co-operators.

Message from Dr. Rajendra Prasad, *President, Indian Union*: "Co-operative enterprise has a great role to play in the establishment of a free and just society in our country. I am glad to learn that the First Co-operative Congress is being held in Bombay and I hope it will be to give guidance on all the problems relating to co-operation and would thus help in its extensive development in our country. I wish the Congress all success."

Message from His Excellency Raja Maharaj Singh, *Governor of Bombay*: "I send my good wishes to the promoters of the First Indian Co-operative Congress and trust its deliberations will be fruitful."

Then Prof. H. L. Kaji, *President of the Indian Co-operative Union*, read for a few minutes a portion of his Presidential Address to the Congress which is printed overleaf and as he was not in good health requested Sri V. P. Varde to read the rest of his address.

**Presidential Address of Diwan Bahadur
Prof. Hiralal L. Kaji, M.A., B.Sc., I.E.S. (Retired), J. P.**

On behalf of the co-operators of India assembled here I beg to tender our grateful thanks to you, Sir, for having spared us some time out of a very busy life to inaugurate this, the First Session of the Indian Co-operative Congress and giving us your blessings in our endeavours for the development of the Co-operative Movement in India. Your association, Sir, has heartened us considerably and we are looking forward to a rapid development on co-operative lines of the economic structure of our great land.

I welcome all the co-operators present here this morning and for the great support their presence gives us in our task. I am very grateful to the International Organisations for sending their representatives. I take it as a sign of their interest in our problems and of their readiness to render us any necessary help. I welcome their representatives most heartily to our Congress.

This is indeed a unique occasion. For the first time, officials and non-officials sit together as delegates to deliberate on problems of co-operative expansion, extension, diversification and reorientation. Hitherto the Registrars met in conferences and they were supported by three or four advisers nominated by them. The non-officials began to meet in conferences of their own after the formation of the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association. But at these conferences, only the Training Institutes and the Banks met. All other co-operative institutions were left unrepresented. The Registrars were not invited. In recent years the officials and the non-officials were holding conferences more or less consecutively at the same place and the Registrars were invited to attend as visitors. Neither of these conferences could be called representative of the movement in any sense and were largely a duplication of each other. The matter was considered at the Registrars' Conference and in the non-official conference held at Madras in 1947, as a result of which, at the All-India Co-operative Conference held at Bangalore in May 1949, the Indian Co-operative Union was established amalgamating the Institutes', Banks' and the Insurance Associations and throwing open its membership to all provincial or State-wide co-operative organisations. The Union is therefore now a fully representative body, representing, finance, marketing, insurance, industries, consumers and others. The Registrars could not obviously become our members. The Government of India have therefore very wisely issued a directive that an amalgamated conference representing both officials and non-officials be held under the auspices of the Indian Co-operative Union and it is this Conference in which we are meeting to-day. This is therefore a unique occasion when for the first time those concerned with the management and the direction or administration of the Co-operative Movement in India meet together to confer and confabulate and arrive at well considered decisions of problems and policies. I have longed and worked for this day.

I cannot tell you how greatly honoured I feel that I should have the proud privilege of presiding at this our first representative National Co-operative Congress. I trust our united efforts will result in the adoption of at least co-operative principles, if not co-operative form by all companies, societies and institutions, which aim at economic progress of the country and in the proper evolution of the Indian Co-operative Union as a Central co-ordinating force for the Co-operative Movements in the various States of the Indian Union. Never more shall we hear of officials belittling the views of non-officials as those of uninformed enthusiasts; never more shall we the workers in the movement cavil at the officials. Each will respect the other and credit him with good intentions and motives. The co-operator will see in the administrator a friend who would be willing to advise and assist but not to interfere; the administrator will see in the co-operator a worker for the good of the particular institution with which he may be concerned or for the type of co-operative effort he represents. The Registrar and his staff can never be experts in all types of economic activities organised on co-operative basis. They have to leave the business part of the societies to the actual workers and to confine themselves to administration of the huge co-operative world that is being built up in our land. Differences of procedure or points of view between the workers and the co-operative administrators have now a common platform where such differences could be discussed and resolved.

Co-operative Commonwealth

I consider this therefore a red letter day in the history of the Co-operative Movement in India when a National Co-operative Congress meets for the first time and I have no doubt that this Congress will mark the beginning of a new era in the evolution of co-operative principles and practices in our great country. India stands pledged to achieve a Co-operative Commonwealth; the Constitution lays down the goal in clear terms. The goal is there and the question is how to achieve that goal, successfully and speedily. I am afraid the connotation of a Co-operative Commonwealth is not clearly understood. A Co-operative Commonwealth implies really speaking the development of great producers' organisation on the one hand and great organisations of the consumers on the other. The apex organisations on the two sides are supposed to come together and through a joint committee regulate the prices so as to be fair to the producer and the consumer alike. Such a Co-operative Commonwealth is however not practicable because the interests of the two groups are entirely antagonistic. The producer wants as high a price as possible for his goods and the consumer wants to pay as low a price as possible for the goods he consumes. Unless the State intervenes and prescribes the prices, it is hardly possible for this idea to be realised, and even then it becomes extremely doubtful. A Co-operative Commonwealth is taken to mean in our country, that in the course of a few years, the whole nation should be organised into co-operative societies for diverse purposes and the economic structure of

the country built up through these societies and organisations on a co-operative basis. This to me appears too tall and rather utopian. Apparently the various States Governments seem to take this view and they have recently embarked on a policy of wide expansion of the movement, so that the number of societies has increased and is increasing rapidly. We already had a large number of co-operative societies in villages, towns and cities and co-operators have had to realise, that these societies have not achieved the full measure of success that was expected of them. An unsatisfactory and an exploiting rural economy demanded the application of co-operative principles and we started on the path of co-operation, particularly in rural areas and particularly in agricultural finance, since 1904. During this period, it has not been very pleasant to find, that these societies have not been able to work as successfully as we could have wished. There may be reasons; there are reasons. But we must recognise the fact, that about a half century of co-operation has not yielded the expected fruits except in some areas and some cases. Economic regeneration, prosperity and betterment have not been achieved for the rural population. Urban intelligentsia hardly know anything about co-operation, though it is already the largest, single movement in the country. They understand by co-operation small societies for small men with small funds for making small and belated loans, inefficiently managed, looked after and egged on by the Departmental and district bank officials. The prosperous agriculturists look upon the village society as something meant for the improvident and the indebted and the illiterate and ignorant members themselves look upon the society not as an instrument which we will lead to their prosperity, but as an institution where the *Sarcar Ma Bab* tries to give them small loans at easy rates of interest. In recent years the condition of the rural population has materially improved. High prices of agricultural produce in the war and post-war periods have lightened considerably the indebtedness of agriculturists; legislation for the relief of agricultural debtors and still more recently for agricultural finance being made available to every creditworthy agriculturist are other important factors; the organisation of cottage industries and the development of industrial co-operation are fraught with great possibilities. And yet it is not pleasant that co-operation has not been able to catch the imagination of the people. I am afraid, even our great leaders of whom India is justly proud, know very little of the real facts and it was only recently that the great organisation, the Indian National Congress, included Co-operation in its manifesto. The recent rapid increase in the number of co-operative societies, encouragement to the refugee population to form societies chiefly for housing and societies for co-operative farming that have been organised show clearly the earnestness and zeal of Government and are excellent in themselves.

Co-operative State

But since a Co-operative Commonwealth is our goal, mere expansion and multiplication and the continuance of a sort of a benevolent neutrality

towards co-operation by the intelligentsia must be replaced by an active interest by our great leaders and public men in the great principles of co-operation which distinguish co-operative economics from other alternate bases like free, regulated or controlled private enterprise, State or Municipal socialism implying bureaucratisation, rigid and inelastic and perhaps inefficient and corrupt, and Communism of the Russian type or its variants. A vigorous national policy, both by the Centre and the States about the nation-wide acceptance of basic co-operative principles is called for at the moment. If we aspire to establish a Co-operative Commonwealth in the country, let the State boldly and in unmistakable terms accept the basic co-operative principles, put them if necessary and as far as possible on the Statute Book and see, that the nation goes along the path of co-operation, whether the individuals are organised in co-operative societies, big or small, or are registered as companies and institutions under the Joint Stock Companies Act or any other Act. It is not the form but it is the essence of co-operation that we want and I call upon, very earnestly, our leaders to take up this very essential work of giving statutory recognition and therefore nation-wide acceptance by the State of at least a few basic co-operative principles.

One of the most basic and cardinal of such principles is the great co-operative doctrine of one man, one vote and no proxy. In a co-operative world, while capital is as necessary and welcome as in a capitalistic regime and while co-operation recognises its claim to interest and even for a fairly liberal margin for insurance against risk, it does not recognise its claims to dominate the industry. It is not the money, but the man who counts; it is the man who should have his voice in the management and the conduct of the institution; it is the man whose arguments and view points count rather than the number of shares he holds. In view of this great importance attached to the shareholder, the co-operative world does not look with favour upon proxies which involve surrender by some members of their views to others whom they authorise to vote on their behalf. In my opinion, it is therefore very necessary and essential, that Parliament should adopt at an early date, in the Indian Company Law, this very basic principle of co-operation and allow only one vote to each shareholder, irrespective of the number of shares he holds. In the early stages of conversion into co-operative economics, I would not urge removing the liberty at present allowed to vote by proxy. The adoption of voting by members and not by shares would certainly not be welcomed by industrial and commercial magnates. But the State pledged to a Co-operative Commonwealth must conquer the obstacles and surmount the difficulties and opposition and make the managements of industrial concerns more responsible to members than to holders of large blocks of shares.

At this early stage, I would further not recommend restriction of shareholding upto a certain amount only. When voting is by members there is no reason to be afraid of being swamped by a rich man, who has shown sufficient interest in the organisation to invest a large sum of money

It is true, that the influence of rich men in the management will remain, even if we take away the power of voting by number of shares. But that influence need not alarm us. The rich man is usually a businessman of ability and his influence would generally be on the side of efficiency and development, which would be all to the good of the institution.

Another great principle of co-operation that I would urge the adoption of by the State is the limitation of dividends. No one can have any just claim to very high returns when, years after the institution prospers phenomenally. High dividends lead to higher quotation on the stock exchange, reaching a figure which will yield a rate of interest to the sober investor which he considers satisfactory. There is no justification whatever for the original shareholder to go on receiving high and higher dividends out of all proportion to his original investment. Co-operation has adopted 10 per cent as the limit of the maximum dividend. Of late this limit has been lowered in some States to 6 per cent. I do not venture to suggest a particular limit here. I only plead for the limitation of dividends to a rate which would be fair to the investor and include a liberal margin for insurance against risk.

Logically speaking it is but fair, that if the maximum rate of interest is prescribed, there should also be a minimum prescribed. While all concerned in the production of wealth receive their fair remuneration, it is very unfair that capital should be left in the cold. Raw materials and machinery have to be paid for, whether the industry makes a profit or not; the operatives have to be paid their wages, whether the industry makes a profit or not; and it is very unfair, that capital should only come in for remuneration in the event of there being a profit. Losses it must bear; profits beyond a certain maximum limit it must not have; such a proposition sounds unfair. But during the transitional stage from controlled capitalism to co-operation, I would not urge the inclusion in the Statute Book of a section prescribing 2 per cent or 3 per cent as the minimum interest to be paid for the use of capital.

I very earnestly appeal to co-operators and advocates of co-operation to work actively for a Co-operative Commonwealth and towards that end to bring on the Statute Book the two important principles of Co-operation; viz., one man, one vote: and the limitation of dividends: and work for the establishment of a Co-operative State.

State Trading

We are living in an age of controlled economy. Controls here, there and everywhere. In our land of poor men, particularly in the villages, the belts were tight enough and they can hardly be made tighter. Control on building materials has made housing a nightmare; foisting on friends and relations, overcrowding, pugree (heavy premiums), are spectres that cloud our vision. Cloth control is gradually forcing out the dhotie in favour of the pyjama; shortage, inferior quality, high prices have to be faced. Apart

from these prime necessities of life, a controlled economy in other respects also is alleged to bring in its train bureaucratisation, red tape and corruption. Public morality seems to have reached, a very low point. The general outlook on life is dismal; but the nation puts up with it in the hope, that its great leaders will soon find a way out and free them from the enthralling controls.

At such a time, State Trading has been taken in hand. In a controlled regime this seems inevitable. But what does it really mean? There is no free movement of goods in some cases within India and in many others outside India. It is not as if the State has paid officers in the various countries with which we have a large trade to make purchase for the State or to arrange for increased exports. Whether such a procedure could have led to efficiency is a matter of great doubt and uncertainty. Agents require the supervising touch of the private employer to keep them alert and efficient. With the State as the Boss such agents are likely to be inert and inefficient. The supervision however well meant of the State Bosses cannot have that personal touch as in the case of the private employer. The great distinction between State Trading and private trading is obviously to be found in the fact, that in the latter case the principals deal with their own money and their whole future rests a good deal upon the success or failure in the important deals; whereas in the former case, assuming perfect honesty and efficiency, the State Officers at the top direct these trading operations through public funds on which their own individual future or fortune does not depend. If a deal goes wrong, the official at the top comes in perhaps for scathing condemnation in the Parliament, State legislatures and the press. In some cases this may result in transfer, which strangely in some cases means being kicked upwards or reversion to his old post, implying perhaps degradation and in rare cases dismissal. Trading with one's own money and trading with public funds are vastly different things, consciously or unconsciously affecting the actions, orders and instructions of the Boss.

State Trading largely resolves itself into the issue of import and export licences. Tenders are invited and these are often not tenderly treated. Acquaintance, intimacy or relation are facts that consciously or unconsciously affect the final decision; and greasing the palm, at some stage or the other of the bureaucratic ladder may also divert the original purpose. It is commonly known that tenderers have to maintain an establishment at the Central or the State capitals where negotiations might become easier by frequent talks and meetings. We need not go into the details of all this. It would be enough if we realise that the defects in State Trading are more or less inherent and cannot easily be surmounted. I would favour giving up State Trading as such and leave foreign and inland trade to private enterprise with safeguards and limitations prescribed by the State. If this is not possible and the State itself thinks it necessary to make purchases abroad, it should entrust the work, not to private agencies, but to

strong co-operatives. It may be true, it is true, that our co-operatives, even the marketing ones, are relatively speaking small institutions and they lack experience which begets efficiency. But they have one valuable asset and that is, honesty, and it is obviously better, as it is said, to train up a fool than to deal with a knave. In the course of a year or two some of our big co-operatives would be well equipped enough for undertaking business like this on Government behalf and would make a valuable contribution to the growth of well ordered and successful co-operative movement in the country. A country pledged to a Co-operative Commonwealth owes to itself to assist, financially and otherwise, co-operatives to undertake such trading operations, largely of an agency nature on behalf of Government. Indirectly such a procedure would attract to the movement high class talent which hitherto remain purely individualistic.

Consumers' Movement

Even after 50 years, the co-operative movement still remains very largely a rural credit movement. The great consumers' problem has never seriously received the attention it deserves. While almost all countries of the world, industrial and even agricultural, have had a strong store movement developing into big co-operative wholesales, it is sad to reflect, that in India the consumers have been uncatered for. The Triplicane Urban Co-operative Society of Madras appears almost like an oasis in a desert; a brilliant example of real success achieved. It is particularly creditable that generally speaking South Indians favour the store movement. In Madras, Mysore and even in cities where there are large populations of South Indians, co-operative stores have come into being and are run quite successfully. It is indeed a pity that the rest of India has not been able to imbibe the benefits and influence of a well developed store movement.

Strangely in our country consumers do not come together to obtain their requirements cheaply and well. The retailer works on a small margin and renders very useful service and gives facility to customers, selling on credit in almost all cases. His elasticity spells success in contrast to the rigidity and formalities of a co-operative store. It is only when consumers cannot get some article or the other of common use that they form themselves into a co-operative store and secure supplies for themselves through preferential State treatment. It was thus that World War I saw the establishment of a large number of stores. But most of them closed down on the restoration of normal conditions in the post-war period. World War II has been the occasion for a fresh outburst of energy and consumers have almost feverishly banded themselves into co-operative stores in order to secure, from the State, supplies of controlled commodities for their members. Most of these stores prospered and continue to prosper, because, though the war is over, there is no return to normality in anything so far. Co-operative Departments are hopeful that the consumers' movement which

has so well developed will take root and continue to prosper, even when the controls are removed and a free economy prevails. This appear to be too optimistic a view. A Co-operative store depends for its success on loyalty of its members and loyalty comes with sentiment, facility or advantage. In a non-communal State there is no scope for sentiment. In a free economy, it is extremely doubtful, whether the store can afford any advantage over private retailers. It is largely facility that will decide the issue. The greater the facilities the store can afford, the greater would be its chances of success.

The real success of the consumers' movement is a problem of vital importance for the Central and State Governments. A strong, large, well financed and efficient unitary store in the States capitals appears to be the first need of the moment. The State should encourage the formation of such stores which will serve in a short time as co-operative wholesales which would enable the small stores in the metropolitan and other areas to develop and run successfully. The big units would obtain consumers goods from foreign countries and enable consumers to secure their goods at a lower cost. Tours to England and the Continent and hasty adaptation of practices to Indian conditions will not give us the desired result. The State must carefully concentrate on the problem and evolve a correct method of approach, so that State assistance and patronage might coalesce harmoniously with popular leadership, and build up firmly a strong consumers' movement run by the people themselves. India is not only an agricultural country, but also industrial. The urban population, particularly the middle and the working classes demand a healthy store movement to rescue them from the chaotic conditions, in which they find themselves today, bewildered by high prices, confounded by black-marketing and well-nigh crushed by the failure of salaries to keep pace with the increased cost of living.

Separate Ministries for Co-operation

Turning to the organisational aspect of the movement, we have co-operative departments in the different States, headed by the Registrar. In view of the rapid extension of the movement since India achieved independence, in view of the target of 50 per cent of the population being served by the movement and in view of the goal of a Co-operative Commonwealth, one would obviously expect the Registrar to be one of the most senior and efficient officers of the State, for on him lies the burden of bringing about the economic betterment of such a large portion of the population. With the complexities and many sidedness of the co-operative movement, which is concerned not only with agriculture, but also with trade, industry and transport, the administrative head would be expected to be an able officer, who by age, status and experience would be qualified to guide the workers in the different fields of co-operation. We would have expected that the States would have a separate ministry of co-operation or a ministry chiefly concerned with co-operation and secondarily

dealing with other portfolios. We would have expected similarly a separate ministry for co-operation at the centre, or a ministry primarily concerned with co-operation. Instead we find, that co-operation is a minor portfolio handed over to a minister who not being a Co-operator himself knows precious little of the movement and can but only lend his weight to the proposals of the Registrar. The Registrar usually is a junior officer assisted by a number of joint and deputy Registrars and other officers, still more junior. In the days of British rule we understood all this, for co-operation was not supposed to become the main spring of economic action, particularly for small men. But surely the conditions are different now. We want a strong, well developed and developing co-operative movement, and we expect our national Government, both at the Centre and in the States, to give impetus and guidance by the appointment of senior officers as Registrars and capable co-operators as ministers incharge. It is interesting to note, that at the Technical Co-operative Conference held by the F. A. O., at Lucknow in 1949, a resolution to this effect was unanimously adopted and we devoutly trust, that in the years of earnest and steady work that now lie before us, after the election turmoil, this resolution will be implemented by the Centre and by the States.

Central Co-operative Council

In a few of the States, the establishment of State Co-operative Councils composed of officers and representatives of important co-operatives under the chairmanship of the head of the State Union or Federation has built up a connecting link between the problems of administration and management of co-operatives. A Central Co-operative Council, more or less, similarly constituted was recommended by the Co-operative Planning Committee in 1946, which recommendation was endorsed by the Registrars' Conference held in Madras in 1947 and was further supported by the Co-operative Sub-Committee in 1949. No action has been taken however by the Central Government to implement this resolution also. All that I can do today is to further reiterate our conviction, that for the co-ordination of co-operative activities all over the country and for the evolution of co-operative thought and policy and also for providing institutions for co-operative education and research, a Central Co-operative Council with a Directorate of Co-operation is an urgent need. I can but devoutly trust, that without further loss of time, such a Council will be brought into being associated in its working with the representatives of the Indian Co-operative Union, the National Co-operative Federation of India.

Honorary Services

The practice of having honorary workers seems to have persisted even now. Honorary service has been our greatest blessing and curse. In the early days, with small rural societies it served the purpose well enough. But today with the development of rural societies it served the purpose well enough. But today with the development of rural

primaries into multipurpose societies and with the growth of co-operation in other directions honorary service is of very doubtful value. The continuance of honorary services is to my mind inviting disaster. Periodic directions you might get from honorary workers. But for day to day working an adequately paid staff is necessary. Even in our banks—district central, urban and provincial—the salaries of the staff do not compare favourably with the salaries in commercial banks. The fees received by the Directors, of even the bigger banks and societies are pitifully low. Besides, their meetings last generally much longer and it is difficult to find good intelligent businessmen to consent to be on the directorate of our big societies. Everywhere in Great Britain and the Continent all workers are paid as well as in joint stock organisations of their size and the result is in general a great rise in efficiency. In India whenever we talk to co-operative friends on the subject of adequate remuneration to co-operative workers and the handicap of honorary service, we meet with a smile of scepticism and a reply "that we cannot afford it". If this is really so, the society should not have been started at all, or if started, the Government must come to the rescue by a full measure of financial assistance for expenses of management, and not for one third of the expenses for three years. The sooner we run our co-operative societies as business concerns, the better in the interests of efficiency and ultimate success. In the days gone by, honorary services were stimulated by the prospect of honour, honours or honoraria. But honours have disappeared, honoraria are viewed with suspicion and honour often spells a periodical tiff with the Registrar or his staff, being held up by them as responsible for the deeds or misdeeds of the institutions with which they may be concerned.

De-officialisation

It appears that the State has now practically taken charge of the Movement through increased officialisation and greater control. In several district and provincial societies, the Registrar, or his deputy, assistant or nominee is an Ex Officio Member of the Managing Committee. And yet despite this complete control, on the Registrar rests not the responsibility. If a society fails, it is the Committee Members' sins of commission and omission that are responsible. Trusteeship of beginners one can justify; but perpetual tutelage is entirely foreign to co-operative ideology and to co-operative practice throughout the world. Trustees and guardians usually take shelter under the belief that their wards are not yet fit enough. But surely, so far as the Co-operative Movement is concerned, such a plea cannot be endorsed. Fifty years are sufficiently long period to discover at least a few out of 1.75 lakh co-operative societies in India, which have an efficient and trained body of members, which have achieved success and which, therefore, while remaining within the co-operative fold, could be freed from restraint and control, and left to look after themselves.

I recommend that Registrars be instructed to select co-operative societies under them, which have been conspicuously successful for a fairly

long period whether in rural or in urban areas and to exempt them from various provisions of the Co-operative Act so as to secure to them untrained freedom to manage their own affairs, Registrar retaining the power of occasional audits and inspections so as to satisfy himself about their continued efficiency. Such lists of societies might, of course, be revised, enlarged, or curtailed from time to time according to the rules framed in that behalf. I am definitely of the opinion that the time has come when a clear indication should be given that a policy of progressive deofficialisation will be actively followed and that some concrete beginnings should be made in that direction wherever and as far as possible.

Our plea for deofficialisation has often toned down by confounding it with the increase in participation of non-officials. The report of the Co-operative Planning Committee views with favour the increasing participation of non-officials. This phraseology presents, however, a wrong conception of the movement. There are no officials and non-officials in the Co-operative Movement; there are only the co-operators—the members of societies and the officials of the Co-operative Department. The former are more or less permanent and believe in the principles and ideology of Co-operation as a basis of national economy; the latter have no stake in the organisations they seek to supervise, guide and control, and merely administer the laws in that behalf. The members are shareholders, owners, proprietors of their organisations they do participate. The officials are outsiders and have no place within the movement. There can be therefore no question of the increasing participation of non-officials in the movement; the only question is of the withdrawal, gradually and wisely, of outside control from co-operative organisations.

The Registrars' control and increasing officialisation constitute a very serious danger which has, to my mind, been one of the basic reasons for the want of success that has dogged our footsteps in the co-operative field. There is a great sense of irresponsibility among the members of the Board of Directors or of the Committee of Management. They do not develop initiative; they do not feel the urge; with the lack of a financial stake, they have not the spur and an identification of interests which could lead to the intense pursuit of success of the institution. In a proprietary concern, the proprietor sinks or swims with it; in a joint stock concern, the managing agents or the managing directors have a large holding and also more or less sink or swim with it; in a co-operative concern, which one of the management suffers badly if it sinks? None, I am afraid. The Manager, the Chairman and the Directors, if adequately paid and remunerated might put heart into their work; but when the Registrar or his representative peeps round the corner almost at each step, when any urgent and bold step cannot be taken without the approval of the Registrar involving a loss of time, initiative cannot develop and the concern hangs on to the Registrar and the management is tempted to remain on the safe side of the

department. I have no quarrel with those who advocate increased Government control. All I am insistent about is this result. The result so far has not been very satisfactory. With increased departmental control and decreased responsibility of the management, the result, I am afraid, is not going to be any better. If Co-operation is to succeed, it must not be tied up to the apron strings of the Registrar. If the Government were to assume responsibility for particularly important and big societies, I have nothing to say. I would in a way welcome it. It is the present half hearted way which prevents popular initiative and deadens the sense of popular responsibility and which gives to the department powers of control without the responsibility for result. It is the present policy of making the society a semi or a pseudo-Government institution that has largely contributed to the poor results so far achieved. Today there is not enough control for the State to hold itself responsible; there is not enough latitude for popular initiative. People assume that a co-operative society is a sort of a Government institution and yet it is not. It is high time that the State shook off this half hearted policy and either assumed entire control and responsibility or gradually restored to the Movement the popular character it lacks.

Co-operative Farming

In a few special cases such as reclaimed lands and large areas of cultivable wastes, co-operative farming might be successful. But as a proposition of general interest to the Indian agriculturists, I am very doubtful about the reception of this idea and its application to individual holdings. The sense of private ownership is instinctive with man and it is a herculean task of doubtful advantage to go against the deep seated instincts of agriculturists and try to popularise co-operative farming. Co-operative consolidation of holdings, co-operative purchase and sale, one can understand. But the conversion of a plot holder into a worker on a large farm is not easily understood. We would do well to wait for a few years more till we see how the experiment works in different parts of the country.

The First Five Year Plan

The Report of the Planning Commission for work to be done in the first five years has attracted keen interest among co-operators. Co-operators expected that in their examinations and conclusions on the subject of rural development, both of agriculturists and cottage workers, the co-operative organisations would play a prominent part. Of all agencies working in villages, the co-operative agency is the most wide-spread and it is on the face of it obvious, that the co-operative society in a village could be the centre of all economic and social welfare activities for village betterment. For so many years co-operation has blundered, cutting up the agriculturist into a being with sufficient distinct needs, each need to be met by a separate co-operative society. A village after all is a small unit. Even a group of villages would not be a particularly large unit. To find local leadership for different types of societies is well-nigh an impossible task. The Co-operative Movement has now realised and accepted the fact, that as far as possible,

one village, one society should be the rule. The society should not confine itself to merely credit but should deal with the other needs of the agriculturists. I regret to observe that the Planning Commission takes precious little note of this fact and proposes to set up in the village or a group of villages several different agencies. I do not propose to examine the place which the First Five Year Plan accords to Co-operation. Stray remarks here and there have to be pieced together in order to understand what the Commission thinks of co-operation. The report from the point of view of co-operators is, if I may say so, very disappointing. In order to work our way for a Co-operative Commonwealth, I would have expected, that their plan for village improvement, at any rate, would be based on bringing out a co-operative organisation, strengthening it, making it more efficient and more comprehensive. If the Planning Commission had the assistance of a co-operator, he would have urged upon his colleagues the co-operative method and the co-operative agency for the plans and programmes as far as possible. I for one am convinced, that by multiplying agencies in the village, we are not going to achieve quick results, unless the State resorts to compulsion. To recommend co-operative farming on a large scale is going counter to human nature and its instinct to private ownership. I am sure delegates will discuss the subject fully and arrive at some considered opinion. I suggest, in all humility, that the Congress should appoint a strong small Committee of Co-operators who should go into the report of the Planning Commission from the point of view of the Co-operative Movement and submit its report within a prescribed time limit to the Executive Committee which will forward it to the proper quarters, so that it may be taken into due consideration when action is contemplated on the report.

This reminds me that in view of a Co-operative Commonwealth being our goal, it is very necessary, that in all important commissions or committees, which may be appointed by Governments at the Centre or the States, there should be included one or two co-operators or co-operative officials. In order to make a suitable choice, Governments should be well advised to seek recommendations from the State Co-operative Councils and the Central Co-operative Council when that comes into existence and till then from the Indian Co-operative Union.

One of my great desires has been achieved to-day. The meeting of the amalgamated conference was an object of great importance. Among other great desires that I have are the establishment, at a very early date, of a strong Consumers' Movement with co-operative wholesale societies in each important State, at any rate. I desire to see the Central Co-operative Council established at an early date at the Union Capital and I desire a substantial grant from Government so as to make it possible to develop the activities of the Indian Co-operative Union as the National Federation of India. I do not know when I shall see these aims realised. But I do hope that my co-operative friends will work hard for the achievement of the aims which I have outlined above.

After the reading of his address was over, the President requested the fraternal delegates to address the Congress. The fraternal delegates then addressed the Congress.

Speech of Mr. W. P. Watkins

(Director, International Co-operative Alliance, London.)

It is my most honourable and pleasant duty to extend to this Congress the fraternal greetings of the International Co-operative Alliance. This is an occasion on which we may perhaps mutually congratulate ourselves for it is a double first. You are holding your first Indian Co-operative Congress. Your fellow co-operators of the Alliance congratulate you most heartily on that and still more on the progress which it both registers and promises.

But this Congress is also a first for the Alliance. It is the first in Asia to which the Alliance has sent an official representative, as well as the first time an officer of the I.C.A. has met Indian co-operators and officials responsible for promoting co-operation on their own soil.

I have been acquainted at second-hand with the Indian Co-operative Movement and its problems for longer than half my life time. It is over 30 years now since, as a young tutor at the Co-operative College in Manchester, I coached my first Indian Student in the History and Principles of Co-operation. Thus I may claim to have contributed a small stone to the vast edifice which Co-operation in India already is and the still vaster one which, in my belief, it is destined to become.

As you know, the I.C.A. has now been in existence for nearly 57 years. Few international organisations can boast of a longer period of continuous activity or to have survived two world wars. Years before the International Court at the Hague was established, and still longer before anyone thought of the League of Nations, far-seeing British and French pioneers of Co-operation founded the Alliance to embrace every genuine form of Co-operation throughout the world. I cannot claim that the I.C.A. comes near to reaching that objective yet, but it is true to say that to-day, more than at any time in its history, the Alliance recognises that to become universal is an ideal for which it must constantly strive. My presence here to-day is a proof of it.

At present the I.C.A. includes some 55 Co-operative Organisations in 31 countries. The total individual membership of its affiliates exceeds 100 million. Probably two co-operative members out of every three in the world are attached to the I.C.A. through their respective local, regional or national organisations.

The world has been in continual danger of slipping back into a new war. Rearmament absorbs resources which in a happier time might have been devoted to the improvement of agriculture and industry and better standards of living everywhere. The Alliance itself has been hampered in

its work by the reflection, within its own affiliated organisations, of the deep political schism which divides the nations.

I am glad to state that one result, so far as the Alliance is concerned, has been a re-affirmation of its basic conception of co-operation, as a voluntary movement, governing itself democratically and pursuing its self-appointed ends in entire independence of the State, political parties or any political or social ideology. The recent International Co-operative Congress at Copenhagen confirmed by ample majority the action of the Executive and Central Committees in maintaining a strict interpretation of its Rules which could exclude from membership organisations whose structure and conduct do not conform to the fundamental co-operative principles.

I feel obliged to emphasize, as one bearing a certain responsibility for the maintenance of sound co-operative doctrine, that Co-operation to-day, no less than a hundred years ago, embodies the idea of self-help. Of course, during that period the accepted idea of the role of the State in economic life has changed completely. *Laissez faire* is not only dead but damned. There are countries—India, I believe is among them—where but for Government initiative and support, the people might have taken several generations, if at all, to discover the modern co-operative idea and master its technique for themselves.

All the same, we must be clear what that idea really is and what is the true goal of our efforts. Co-operation is not an outgrowth of the State but of the people. Its contribution to the democratic society is precisely its power to develop in all sorts and conditions of men the capacity to manage their own affairs and to take their common economic destinies into their own hands.

India to-day is carrying out a stupendous experiment in parliamentary democracy, treading in the 20th century a parallel path to that blazed by Europe in the 19th. Is it a mere coincidence that the countries of Europe in which parliamentary Government has proved its stability and effectiveness are those in which co-operation plays an important but largely independent part in economic and social life? May not the same thing become true of India too?

That is the reason why the progress of co-operation in India is of absorbing interest to the I.C.A. It is not simply that the present total membership of Indian Co-operative Organisations is already equal to one-eighth of the aggregate membership of the Alliance, but that the influence which Indian example can, nay, —I hope—will,—exert on other Asian countries, now enjoying a regained political independence, can be an enormous power for good.

The I.C.A. has long cherished the project of establishing a regional secretariat for South-east Asia. I hope that by my journey to India this project will be advanced a stage near fulfilment. Meanwhile, let me once more assure you that your fellow members of the Alliance salute the

Indian Co-operative Congress in the spirit of brotherhood, that they are deeply concerned in all you attempt or achieve and that they wish this Congress such resounding success as may initiate a new era in the history of the Indian Co-operative Movement.

Speech of Dr. P. P. Pillai
(Representative of the I.L.O.)

On behalf of the Director-General of the International Labour Office, I have pleasure to convey to this, the first National Congress of the Indian Co-operative Movement, the very best wishes for its success.

From its early days the I.L.O. has played an ever-increasing part in the development of co-operation. In close co-operation with other international inter-governmental agencies and with the International Co-operative Alliance and the International Federation of Agricultural Producers, we are endeavouring to improve that service.

Not infrequently co-operators are to be found among the delegates or technical advisers of national delegations to the International Labour Conference. Representatives from the various branches of the Co-operative Movement serve on the I.L.O. Advisory Committee on Co-operation, the scope of which is at present being extended in order to make it still more representative of co-operative activity in various parts of the world, and particularly Asia.

Since its very inception the International Labour Office has maintained a special service to follow the development of the Co-operative Movement in all its forms. More recently, this activity has been intensified and has assumed an increasingly operational character, in response to the wishes of Member States. Broadly speaking, the I.L.O. deals with the legislative, administrative, organisational and educational questions of all types of co-operative institutions in the course of its regular work in the co-operative field. During the past three years, various aspects of such questions have been taken up for thorough examination, by the Advisory Committee on Co-operation, in 1949; the Asian Regional Conference of the I.L.O. in 1950; and the Asian Technical Conference on Co-operation of the I.L.O. in 1951. Preparations are being made for similar regional studies of co-operative matters under I.L.O. auspices in other parts of the world.

Reports on Co-operation have been prepared, or are figuring on current or future programmes, as a result of the recommendations of such meetings as have already been held, while at the request of various international inter-governmental organisations such as the United Nations, the Economic Commission for Europe, the Economic Commission for Asia and the Far East, the Food and Agriculture Organisation, and UNESCO, the I.L.O. has prepared studies or reports on special aspects of co-operation, of interest to such organisations. At the request of Governments, or of governmental institutions, the I.L.O. is habitually supplying information on co-operative matters, while officials of the I.L.O. Co-operation Service have in the past

two years visited a large number of countries in Asia, the Near and Middle East, and Latin America, to provide advice or to render service on questions of co-operative development in those countries.

Furthermore, under the Expanded Programme of Technical Assistance the I.L.O. has still more extended its practical action in the field of co-operation. All participating in this Congress are undoubtedly familiar with the important effort undertaken by the United Nations and the specialised agencies to improve the standard of living and to promote the economic and social well-being of peoples the world over. The initial enthusiasm and confidence in which the effort was launched after the most destructive war in world history, led to a rapid development of the range of international action; and to judge by very recent deliberations of the Economic and Social Council and of the Technical Assistance Board, planning in this field is now assuming a long-term nature.

As far as the International Labour Office is concerned, I may mention that—along with man-power and social security—Co-operation and Handicrafts (and in handicrafts one of the essential problems is often that of organising the producers on co-operative lines) constitute one of the major branches of our technical assistance programme. To judge by the number of requests received by the I.L.O. the importance of co-operative organisation and of the development of small-scale industries is inferior only to that of man-power among the problems encountered by Governments of under-developed countries. To-day the I.L.O. is servicing over a score of technical assistance projects on co-operation and handicrafts in countries throughout Asia, the Near and Middle East, Africa, and Latin America, and it is continuously receiving from Member States fresh demands for assistance in these fields. These projects aim at the development of co-operation in all its forms: supply, banking and credit, production, distribution and so on.

Many countries to-day, including India, recognise, and wish to employ, co-operative principles to the fullest extent in building up their national economy and social system. Therefore the International Labour Office hopes that the activities of the Indian Co-operative Movement will continue to expand, and that, in the traditional spirit of co-operation, it will continue to work hand in hand with the I.L.O. for the attainment of those common ideals which have for so long inspired their respective endeavours.

Speech of Mr. R. N. Henry

(Acting Chief, Rural Welfare Branch, Agricultural Division, FAO)

I represent, as an observer at this Congress, the Food and Agriculture Organization of the United Nations—usually known as FAO. FAO is one of the Specialized Agencies of the United Nations and has its headquarters at Rome. Seventy countries are members of FAO.

The objects of FAO are to do everything possible to increase food production, to raise nutritional levels and to improve the standard of living amongst rural populations.

It is obvious that in endeavouring to attain these objects FAO should pay special attention to Agricultural Co-operation. In any plan for economic development it is clear that better results will be obtained if the support and participation of the people themselves is insured and if the producers themselves share in the benefits accruing from increased production. These two requirements can be met through co-operation.

The work of FAO in the field of Agricultural Co-operation may be roughly divided into

- (a) the collection and dissemination of information,
- (b) promoting action in member countries, and
- (c) providing technical assistance.

As well as acting as a clearing house for co-operative information FAO aims at producing studies or surveys on practical problems and at indicating useful developments in some countries which might give guidance to others faced with the same situation. We would of course welcome suggestions as to suitable subjects for study.

In our endeavour to promote co-operative action in member countries we consider that the best initial approach is through regional technical meetings. Here the first phase is to undertake a reconnaissance survey which aims at bringing out the major problems and discovering the needs of the region. This provides the basic material for the meeting. These meetings stimulate interest, provide moral support, indicate useful lines of development, point out needs for mutual aid among countries of the region and discover the need and scope for technical assistance. Such a meeting was held at Lucknow in 1949, another at Trinidad in 1951. We hope to hold one in the Near East this year and another for Asia and the Far East next year.

As far as possible the meetings are followed up by field visits of co-operative officers to confer with Governments on the implementation of recommendations and to help in selecting problems which might be solved through technical assistance.

Technical assistance to member countries comprises the provision of co-operative experts to advise either generally on the legislation and organisation necessary for the establishment of societies or, particularly, on specific co-operative problems. Since a trained co-operative staff is essential to the success of a movement, provision may also be made for the award of fellowships to enable co-operative officers to study outside their country. It is also hoped that it will be possible to set up regional training centres for intensive practical training for co-operative staff.

I should like, Sir, on behalf of FAO, to wish this meeting of enthusiastic co-operators success in their deliberations, and may I go further and express the hope that the Congress will produce concrete and lasting results?

Speech of Mr. F. W. Pollack
(*Consul for Israel in Bombay*)

I am bringing you the greetings of Israel, a very small country in comparison to India, but a country where co-operation has been widely developed in all walks of life during the last few decades.

Israel is following with keenest interest your endeavours to build up and to develop your great country on co-operative lines.

The leaders of our co-operative movement are at any time gladly prepared to exchange views with you. Such meetings, I am sure, will bring benefit to India, to Israel and to Asia as a whole.

I have great pleasure in conveying to you a cable message received from the Histadruth, the General Federation of Jewish Labour in Israel. The cable specially sent to me for this Congress under the signature of Mr. Reuben Barkatt, member of the Executive of the Histadruth and head of its Foreign Relations Department, reads as follows:—

“As movement dedicated to social and national regeneration we appreciate efforts India co-operatives build new life in spirit mutual aid and co-operative action. Believe these ideals also applicable between nations and look forward to practical constructive co-operation for progress our peoples and rest Asiatic continent.”

I am living in your great country for the last twelve years and I have not specially come from Israel for this Congress.

But I assure you that my friends in Israel are following your deliberations and your endeavours with keenest interest and they are looking forward towards closest co-operation with you for the common cause of progress in the whole of Asia.

Speech of Mr. M. Rajaratnam
(*Fraternal Delegate from Malaya*)

It is my pleasant duty to convey to you the fraternal greetings and wishes of brother co-operators who are in Malaya. Personally, it is a great pleasure to me to attend this Congress and I am here more as an observer and as a student to learn about co-operation generally. Perhaps, you may know that Malaya, as far as co-operation is concerned, is a very nice fertile land. As a matter of fact, co-operation there began functioning from the year 1922. We drew inspiration from countries like India, Burma and Ceylon. Since 1922, the progress of the movement has been very satisfactory. In pre-war period, we concentrated more on credit societies. For your information, I may tell you that the population of Malaya consists of Malaysians, Chinese, Indians and others. The population is about 6½ million, of which 2½ million are Malaysians, 2½ million Chinese, about 7 lakhs Indians and others Europeans and other nationals. Now co-operation has thrived among Malaysians and Indians, but not amongst the Chinese. Perhaps this

may be due to the fact that the Chinese mode of life is different from that of other nations. But their organisations and their interests are well looked after. For Malaysians and Indians, co-operation is the salvation. Of the 7 lakhs Indians, 5 lakhs are engaged in rubber plantations, tin mines and Government departments. Through the kindness of the Government of India, in 1924, co-operation made its way here among the Indian workers. There are at present about 500 co-operative credit societies with a paid-up capital of Rs. 5 lakhs. Now, in the post-war period, the consumers' movement is going very strong. We have got our difficulties. It is unfortunate when the question of consumers' co-operation was discussed at the auxiliary conference, there was not enough time for me to discuss the subject with you. I hope I can discuss about this in this Session. Malaysians produce paddy to the extent of one-third of the requirements of the country. Only very few Indians and Chinese cultivate paddy. But the Indians do everything on co-operative lines. They are also running a co-operative rice mill. This experiment you can follow in this country. I wish to thank you more for the kind invitation extended to us and I will take back to our country the good impressions I have collected. Thank you.

Sri J. C. Ryan : (*Registrar of Co-operative Societies, Madras*)
Proposing a vote of thanks to the Hon'ble Sri K. M. Mnnshi, said “ On behalf of the large assembly of co-operators of India, I offer you Sir, our most cordial thanks for having inaugurated this the First Indian Co-operative Congress. In spite of the various calls on your time, you have been gracious enough to set apart a few hours for us this evening. It is because of your recognition that the co-operative movement is a great movement and because also of your belief that this great movement has greater potentialities before it. Your presence, Sir, is also an indication of the great faith which the popular Government of this land has in a popular movement like the Co-operative Movement. Since the attainment of independence, the Governments of our country have given various indications which show that they wish to make use of this popular movement in order to attain the objects of the Governments. You are aware, Sir, that co-operative societies are in a very large measure undertaking distribution of food-stuffs, agricultural fertilisers, iron and steel and mill cloth. You wanted us to assist the Governments in their efforts to grow more food. We may assure you, Sir, that already our co-operative societies are doing something in this direction in their own humble way. There are co-operatives which have taken over fallow lands, reclaimed them and brought them under cultivation. There are also societies which have purchased tractors, pumps and other implements for the grow more food campaign. There are also societies which are instrumental in carrying out minor irrigation projects through tanks and wells. Our co-operatives have provided money too for production. We assure you Sir that we shall respond to your call to increase our efforts in this direction, most enthusiastically. Sir, probably this Congress will come up to you and the respective Governments with a

little request here and there for subsidy or technical aid or for some staff and the like. We note, Sir, in your address that you recognise this need and in the case of societies which would co-operate with you in minor irrigation works we may expect your aid. I would request you not to be scared and not to carry away the idea that we exaggerate our needs. We realise that the co-operative movement is essentially a movement of self-help. We do not propose that self-help should be replaced by State help. We ask that State Governments should lend assistance by way of stimulation only. It may be, Sir, that on account of the State help asked for certain needs, a tendency might have arisen to call upon the co-operators to do this and that which would not be either true to the co-operative principles or true to the business principles. You may be glad, Sir, to find that almost all co-operative societies are either buyers, sellers, borrowers or lenders. Anyway, I am particularly glad to see that a note of warning is struck that we should not work on unsound principles. Sir, the Government should rely on our loyalty and respect and see that wherever co-operatives have offered to work with Government, the principles of co-operation and sound business principles are safeguarded.

I feel the best way of thanking the Hon'ble Minister is to promise him on behalf of the House the fullest co-operation and responsibility from all of us in his efforts to grow more food to relieve the present scarcity."

Capt. Dalip Mansingh (U.P.) seconding the motion said "It is my pleasant duty to second the vote of thanks. We all know what good efforts our Minister has made during the short-term of his office to grow more food and lead our country to do its best in this direction. As already everything has been said, I do not wish to say anything more. I wholeheartedly support the vote of thanks to the Hon'ble Sri Munshi."

The motion was carried unanimously amidst clapping of hands and the first day's proceedings concluded.

26th February 1952

The Congress reassembled at 11 a.m. on Tuesday the 26th February 1952. Sir Janardan A. Madan (*Chairman of the Reception Committee*) requested Sri R. G. Saraiya to take the chair as desired by Prof. H. L. Kaji, President of the Congress.

Sri R. G. Saraiya, in his opening remarks, observed as follows :

In the first place, I must thank you for the honour you have done me in giving me the privilege of conducting the proceedings today in the unavoidable absence of the President, Prof. Kaji. First of all, I would like to refer to the sudden passing away of Shri T. A. Ramalingam Chettiar who was one of the Vice-Presidents of the Indian Co-operative Union. He was the Chairman of the Madras Provincial Co-operative Bank and he was also associated with the working of the Co-operative Sub-Committee of the Advisory Council of the Reserve Bank of India in connection with the

agricultural credit movement and he was also a Member of Parliament. In his capacity as a Member of Parliament, I know he was extremely useful to the co-operative movement. He promised to come over here and he would have presided in the absence of Prof. Kaji. Unfortunately, he was taken away from our midst. I, therefore, read a resolution and request you all to stand and observe a minute's silence.

The resolution was passed unanimously all the members standing.

President : I will convey this condolence resolution both to his family and to the State Bank. They are equally affected.

Shri V. P. Varde : Brother and Sister Delegates : As decided by the Co-operative Union, there are certain subjects to be discussed at this Congress. We have to work within five hours today. There may be different opinions on the subjects. So it is necessary to have some kind of decision in regard to the manner of approach before we start the proceedings, as nothing is laid down in our constitution. Of course, next year, the Executive Committee can lay down a procedure for subjects committee and for everything. As the President suggested yesterday, we might discuss the subjects and then pass proper resolutions if we think it necessary, instead of preparing draft resolutions first and then discussing the subjects. I would suggest that discussion on the subjects might be initiated by the Chairmen of auxiliary conferences. If you all agree, we can formulate resolutions. The President will see that all representatives are given time and opportunity, but you must give your names first to the President. The mover will get 15 minutes and subsequent speakers 5 minutes each. If you follow this, it will be possible to finish our work within the prescribed limit. After the matter is discussed, you might appoint a committee with the mover as the Chairman and two or three speakers as members to frame suitable resolutions. But, generally, it is left to the President as to how to proceed in the matter. If he is satisfied that a particular subject is fully discussed, he may pass on to the next subject.

President : Friends : It would be a matter of exercising self-restraint and self-denial. Broadly speaking, the procedure outlined by Mr. Varde is to be adopted. The first subject is the Draft Outline Plan of the Planning Commission. This is very important for the whole of India and we must devote more time to this. The future policy of this country, now that Congress Governments have been returned to power both in the Centre and in the States, will be the policy laid down by the Planning Commission. The economy which is advocated therein will be the rule of the day for the next five years. The Five-Year Plan which has been published, is a big national Plan and must be treated with very great respect. It is the result of the labours of eminent persons and leaders of this country. At the same times that Plan is only a tentative plan to be discussed and they want our opinion on it. We must express our frank opinion now. We should suggest modifications and changes which we consider proper in the interest not

only of the co-operative movement but of the country as a whole. This subject will be initiated by Prof. D. G. Karve. I hope we will profit much by his elucidation of the essentials of the Plan.

Place of Co-operation in the First Five Year Plan

Prof. D. G. Karve : Sir, on this important subject, an enormous amount of literature has been printed and has already been distributed to the delegates. To start with, there is an admirable resume of the important references made to co-operative agency in the draft outline, which you, sir, have yourself prepared. There again is the record of discussions and the resolutions passed on this subject in the Co-operative Council of one of the States viz. Bombay. And here, yesterday, the President of the Union has also referred to the subject during the course of his presidential speech. To add to all this, we have a number of papers on the subject that are printed for the Congress and circulated to delegates. I shall not therefore, take up any more of the few minutes that are at my disposal by trying to cover the factual ground over again or by referring in detail to the array of opinions that all this literature contains. I shall try to present the issue created by the Planning Commission for co-operators as a whole and I shall try to suggest what appears to me, as a co-operator, the concrete manner in which the place of co-operation in any scheme of planning may be further defined. In doing so, naturally, I shall be taking into account all the relevant suggestions of the Planning Commission itself.

I think we have got now in this country a regime where authority by itself does not rule; whether it is the Planning Commission or any other organ of the National Government, that organ will have to function according to the dictates of the prevailing popular opinion. It is, therefore, desirable to know for ourselves what we think Planning should do and what we as co-operators consider our proper sphere in that context. Now this is a situation which by no means is peculiar to this country. Some of our fraternal delegates coming from other countries, who, I hope, will be taking part in our discussion, will tell us that they in their own country are facing a similar question. This question of planning and co-operation has to be approached essentially from a historical and from a social standpoint. Here, a large part of our pre-independence prejudices and complications have to be deliberately shelved. It is not as though the Government of the country is running some scheme and that we are making a claim to have a few crumbs or some favoured position allotted to us. It is the social system in its historical setting that is being replanned and we claim that co-operation has a legitimate responsibility and share in the reorganisation.

Whether it is a co-operative business or a joint stock business, both are for maximum use of the resources which are pooled for employment. Along with production we have also to care for juster distribution. For both these reasons, it has been proved that business, either joint stock

or co-operative, so long as it is a law unto itself, has its own limitations. Therefore, by stages, they were moving towards supplementing the activities of the individual and of co-operatives by an overall action taken on behalf of the country as a whole. Now it is in this setting in which we must ask ourselves as to what we want to do in a scheme of planning.

We have got subjects here which are in conflict. For instance, for one reason or another, this Congress is now dealing with a subject like the place of co-operation in the scheme of planning. I see from such literature as we already have got with us that we shall be naturally claiming a big share as an instrument of policy laid down by the State. In this same Congress we shall be, immediately afterwards, discussing de-officialisation. I fail to understand, unless the proposal is in a particular case and in a particular manner, how the action of the State may be modified or may be ended, how the whole movement can be de-officialised and at the same time we can remain as partners in the cause of national economic planning. Let us be somewhat clear about it and let us in this Congress make up our minds as to what we want. Co-operative organisation has some special features. Its activity is conducted not on a profit basis but for service. Further here the control of capital is not effective, but it is the control of man. These are the basic principles and in a large measure the State by inspection ensures that the main principles are not departed from. If we are confident of these special attributes, we can boldly assume the position of partnership in the efforts of the planned economic development of this country. Unless the Congress boldly declares itself as a partner in the process of planned economic development, our attitude towards the position allotted to us in the Five-Year Plan and any other plan will not be a *bona fide* position. We are not for vested interests. We are a sector of the public economy. In fact, our claim is that the purposes of planned economy will be better carried out through co-operative channels which are more democratic, and which are more decentralised.

This declaration of policy towards planning must be absolutely clear. Once this is done, we can claim that the Planning Commission should declare this natural affinity more specifically than it has done. After all, it takes two to make declarations of mutual relations.

There is another matter on which co-operators should be firm now. We cannot be acting all the time as political or social lame ducks living on the sympathy of others. We must offer not only our partnership but we must offer efficient service. Unless our service is efficient we are at best only harmless and not of much use. This attitude is no longer relevant in this age where the entire social economy has to be geared to maximum production so that standards of life might be raised to bring about greater equality in distribution. But if we claim that we are partners in planning and if we are really to offer efficient service, not only the

Planning Commission should declare itself in favour of utilising co-operatives in all stages but must go further in revising many other details to which I shall make a passing reference.

In regard to rural development, though the Planning Commission in a general way appears to favour co-operatives, I feel that either they were too hurried or they had not given sufficient thought to this subject. In this rural development, for instance, it is true that they have spoken of co-operative farming. But they have also spoken of registered farms owned by private farmers without limit of size. How can the Planning Commission in one and the same breath speak of co-operative farming and capitalistic farming as methods of implementing their Plan unless they thought they had no responsibility either for the distributive aspects of the economy or, which is much more important, for full employment? Large-scale farming in India cannot be started as an urgent attempt of national economic planning. Those who think that the progress of planning lies in large-scale farming, either State, collective or co-operative, are, without knowing it, in my opinion acting on false premises. *The progress of even the simpler forms of co-operation has been so slow that co-operative farming will not be a common pattern even with the best of our efforts for generations to come.* In the meantime progress will have to be brought about through small holdings which predominate. Therefore more attention in the Planning Commission's Report must be concentrated on the development of those developmental services, which co-operation can give to small holders. *We must concentrate more on co-operative services than merely on co-operative farming.*

I shall now refer to two more points. First, the panchayats. I am an admirer of these. Without loss of time in every village in this country, there must be a panchayat. It is a civic body. Its part is significant in toning up the general administration and maintaining the interest of the villagers in the common aspects of life. But when it comes to handling economic questions we do not trust even the Government of India. If the new panchayats which are to be newly started and which have no tradition or experience of economic administration are entrusted with the economic functions, this should be done with great caution. In any case, it is not safe to build our economic programme on them. To the extent to which the co-operative movement discharges its duties of partnership in the effort of national economic planning, to that extent it should not only have freedom to act according to the policy approved by the Commission but it should also have plenty of resources allotted to it out of the common pool. These are the main points which I wish the Congress to consider.

Sri N Satyanarayana (Madras): As a rural co-operator I have a few suggestions to offer. We co-operators should stand on our own legs. We should assert ourselves and see that the individual is given an opportunity to work for the society as our motto is each for all and all for each. We want to safeguard the interest of the individual for the development of

the community. Now Sir, if you study the proposals made in the Report of the Planning Commission in all its broad aspects, you will find that they want the individuals to develop in villages and they roped them into the production councils. The Planning Commission want co-operative farming but they did not give any lead in the matter. As co-operators we must show the way. Sir, according to the Planning Commission, no specific functions are allotted to co-operative institutions. Preference is given to individuals in respect of finance and other things and co-operative institutions are not given any specific duties to discharge. I work both for the interest of the individual and the society as a whole not with profit motive but for the welfare of the community. So the Government should help the co-operative organisation in all ways. I do not want any monopoly. But the co-operatives must have due share in agriculture, housing, cottage industries, etc., in any plan for development.

Sri Thakur Phool Singh (U.P.): It is a pity that the Planning Commission's Report of a country which claims as its goal 'Co-operative Commonwealth' makes very little reference to co-operation. I would say that within the framework of the Report, co-operators also must contribute their bit. When I say so, I claim no kind of monopoly for co-operation as the previous speaker has said.

The other day the Hon'ble Minister referred to irrigation works. Co-operatives in U.P. have tried to construct some of the irrigation works and tube wells through their unions at a cheaper rate and with more speed. In the same way if the distribution of water, in the canal department, is entrusted we can show better management and more efficient service at a lesser cost.

The main work of the co-operatives has been the credit side and the question was asked as to why credit societies had failed. The reason is that the rate of interest is high. The rules are very inelastic. The Reserve Bank is not of much help. I wish that we should think seriously in this direction. It is a pity that in this country all the banks care more for urban population and do not touch the rural folk.

My last point is about education. The two main drawbacks of the present day education, as pointed out by the Hon'ble Sri Munshi yesterday, are a lack of soil-mindedness and great expense. It is time that we introduce a system which would enable a man to earn while he is learning and also we should make the students practically soil-minded.

In conclusion I say that co-operative farming is a good beginning for rural development.

Sri G. S. Bharatiya (Rajasthan): In the Report of the Planning Commission Consumers' Movement or the distributive side of the Co-operative Movement has not found its due place. We discussed about the consumers' movement in one of our auxiliary conferences and we have agreed on certain things. We agreed that the movement has not succeeded very much because of lack of efficiency, lack of business methods, lack

of initiative and lack of education and finance. I do not entirely agree with these points of view. We have to find out some way to meet these deficiencies. It is true that in the consumers' movement we build from the bottom. But, under the circumstances in which we are placed with the lack of co-operative education in the country this may not be possible. My submission is that we can start from the top by having a sort of central organisation in every State and then build up a chain of consumers' stores all over the States. The Provincial Marketing and Purchase and Sale Societies and Co-operative Banks must contribute initially to the capital. Though the Saraiya Committee has fixed a target of 10,000 primary stores, except in Madras, Bombay or U. P., there is no progress. There are difficulties. If these are solved, then we can cater to the needs of everybody and we can also remove the tussle between the producer bodies and the consumer bodies. One aspect of the consumers' movement to which sufficient importance has not been given is the question of rebate on purchases. This is a method of saving by spending by which the capital of the consumers' stores would go up in geometrical proportion. Well, Sir if considerable thought is given to a scheme like this and it is put before the Planning Commission, I am sure the consumers' movement will become a great success and thereby it would be able to help the other branches of the Movement also.

Sri A. B. N. Sinha (Bihar): Brother delegates: Planning to be successful and to be effective must come from below. This Planning Commission's Report where it has mentioned so many other things about State Governments, municipalities and district boards, has not a word to say about co-operation. Well, if agriculture is to develop, you must give good seeds, manures, tools, etc., which we try to give through the Credit Agricole in Bihar. As a matter of fact, there are roughly two lakhs of co-operative societies. We have already got a nucleus on which to build up a structure. It is not good having recourse to new organisations like farmers' organisations or production councils, to do a work which at any rate is being done by most of the co-operative societies. In Bihar, our experience after the starting of the Credit Agricole is that most of the things are being done not through any separate organisations but only through the co-operative societies. If instead of setting up another organisation, we confine ourselves to the co-operatives and expand them, I think some better work can be done.

Sri K. D. Malaviya (Uttar Pradesh): Mr. President, I will not take much of your time. Because I primarily think this House is not going into the details which are not wanted. As I see the question, it is something like this. There are certain objectives to be obtained by Government. In order to achieve these objectives, some method has to be found out. Government have unfortunately not been giving sufficient attention to the rural population in finding out an answer to our ills. Now, the point before the Congress is either individual approach or approach through services which are obviously doing good work but which have got their

own inclinations or through some collective organisations which may speak on behalf of a great number of people for whom the objectives are to be attained. There is no organisation to day in the country greater than the co-operative movement which is really fit to give the answer to the question that faces us today. Therefore, I humbly suggest, Sir, to take a decision in this Congress that Government should be requested to reconsider how best they ought to apply or exploit the use of the machinery of co-operation for the objects that they want to attain. In order to come to certain decisions in detail, I would suggest to this House that they might either through the Congress or through some other small committees or sub-committees sit down and take decisions and make recommendations pointing out to Government where they have erred. We might thus be able to make some relevant and pointed recommendations through the Congress so that they might consider them for adoption. I hope you will consider my proposal and accept it.

Prof. P. N. Driver: There are one or two things about the Planning Commission. They have entered into foreign commitments and help not consistent with the co-operative ideal of self-help. But the fact remains we have to raise 3 million tons of food every year. This is a tremendous task. On the co-operative principle of self-reliance, the Planning Commission's approach to the question is something of a disappointment. Another difficulty: The Planning Commission has discussed the various sectors of the economy. There are only two sectors, viz. the private sector, i.e., the individual and the State sector. They have joined the co-operative sector with the private sector and in their opinion, there can be no other sector between the private sector and the State sector. We must say that co-operation should not be bracketed with the private sector. It is likely to have conflicts between the State sector and the private sector and co-operation has a great part to play in this. Another thing is the distinct role of co-operatives in the national development has not been mentioned and we are connected with the private sector only. They have not considered the co-operative machinery. As pointed out by Prof. Karve, there is a conflict between the ends and the means. I agree with the Commission so far as long-term objectives are concerned. I do not share the criticisms made by so many. In the actual working out of the Plan, there are opportunities of the country becoming ultimately co-operative. Within a short time, all our farmers and individuals will automatically become co-operative-minded. It is said that there will be an automatic gradual national evolution of individual co-operative management. I don't share this optimism. Nothing can be done purely on voluntary lines so far as the Indian situation is concerned. I am sure that many of the co-operators here will share my pessimism in this respect. We know actually we cannot expect 60 per cent of the farmers to voluntarily agree to become co-operators. The Planning Commission has laid emphasis on self-reliance.

Prof. Karve said he believed in small-scale farming. I beg to differ from him. I would like to point out an important tragedy about the agricultural economy in India. The average size of the farms of the agriculturists is very poor. If you want to solve the agricultural problem, I personally feel that we will have to give up the proprietorship. In this respect, I heartily support the Planning Commission. They have not done anything to positively support co-operative farming and have not realised the essential difference in structure between co-operative farming and ordinary co-operative societies which we are experiencing for long years. As Mr. Munshi said, if co-operation is to solve the problem of food, we have to play a different part in the future in point of production. What we have done previously is different from the future. Our atmosphere is becoming entirely different. Production is coming down. The co-operative movement will have no future unless the basic structure is revised. Co-operation of tomorrow is entirely different from co-operation of the past. I want the Planning Commission to give more attention on psychological factors to help the farmers to grow more food. Mere mention of registered farms is useless. The economic holding has been calculated on the technique of the capital raised on the farm. This is a wrong method of calculation. They say co-operative farm should have the minimum size of the registered farm and the registered farm about 6 times the size of the economic holding. This is calculated very roughly. This is an underestimate, I think. It is a wonder on what basis they have calculated the economic holding. There are further disappointments. Take price incentives. According to the French Government, Europe is revising plans to produce more food. There is also the question of social conflicts in the Plan. We want large-scale farming but not so much in size as Zamindari farming.

Sri Nagindas T. Master (Bombay): The Planning Commission has not taken that note of us which we really deserve and which we ought to have. I am led to believe, and I am confident, that when the discussion stage is over some definite way of expression of this view will emerge and the co-operative movement will have a very important part therein. I am of opinion that not only in agriculture, not only in cottage industries, not only in minor projects but in all great projects which both the Centre and the States undertake, the agency to be employed should be the co-operative agency so that the co-operative movement may come into its own. This is the view which I am sure the co-operators share and it is hoped that we should see the co-operative movement takes an appreciable part and carry out its duties.

Sri T. Narayana Pillai (Madras): The Planning Commission envisages large-scale farming so that production may be maximised from the land. Co-operative societies can be utilised for getting lands from absentee land-lords on lease and form a co-operative society of agricultural labourers and make the production more. The second work the Planning Commission wants the co-operative societies to undertake is co-operative

farming. When co-operatives take up these works and when the production becomes sufficient, they can see to ameliorating the conditions of the poor by providing proper recreation, proper education etc. Proper and equal distribution work also can be done through co-operative societies. Thus I think the Planning Commission can allot duties in carrying out the national plan.

Sri Bhargava (Representative of the Planning Commission): Mr. Chairman and Friends; The Planning Commission is grateful to the Co-operative Congress and all the delegates for the various suggestions that have been offered. At the time of drafting the Plan, we did not have the benefit of your suggestions and I assure you that while putting up the final report, these will be taken into account.

In the draft Plan I should, however, admit that though Co-operation has been referred to in various places and various recommendations have been made, they have not received the notice that they deserve. For instance, the Commission recommended that all financial assistance to the rural areas should pass through co-operatives. We in the Planning Commission are faced with some practical difficulties. Prof. Driver also referred to the point that if some States received a directive that all financial assistance and supplies should be channelled through the co-operatives, that would lead to an undoubted psychic progress of the Movement. But we have also to look to the needs of non-members of societies. We cannot afford to run uneconomic agencies. So we can entrust the Panchayats this work and on these lines we should utilise the co-operatives in distributing finance as far as possible. But again we have to think of non-members. Certainly we think of the nation as a whole when we say village panchayats may be associated with national planning. Our ultimate object is to convert all these ad hoc committees and agencies into co-operative societies. Madras and Bombay have undoubtedly made rapid progress. But when you think of the Planning Commission and offer suggestions, you should think of such backward areas as Assam where in the year 1949-50 only Rs. 89,000 were distributed as loans. We would be grateful if we could have a concrete and definite plan from experts which would be considered by the Planning Commission in good detail. I would draw your attention to the fact that in a number of States loans are made available by co-operatives at 12½ and even at 15 per cent. Government give short term loans at 6½ per cent and long term loans at 8½ per cent. We want to devise a common way for this. We want to develop a system whereby all supplies which are associated with production would pass through the co-operatives. Such a system must be comprehensive. The working out of the details of the Plan, however, provides ample scope both for co-operatives of to-day and also for co-operatives of to-morrow. It is upto you and also for all of us to work out a system where we can make the co-operative farms successful and also to organise the credit and non-credit activities in a manner whereby the co-operatives would play a very important role in the First Five Year Plan.

President: We have had a fruitful discussion. I, however, wish to refer to a few things. At the Centre, they have not made provision of a single pie for expenditure on Co-operation. Co-operation should be an integral part of Planning, as Prof. Karve said. The previous speaker referred to members and non-members. If we are in a totalitarian State, we can compel even. But we are in a democratic State. The Commission themselves have referred to the difficulties. Any assistance they can give should be through the co-operative channels. This principle is now adopted by the Commission. A directive is issued to the States to use the co-operative movement as far as possible in distributive system. An attempt is made to create village production councils consisting of all. We are dissatisfied. Wherever possible, the co-operative societies alone of the village should be the instrument to carry out the Plan of the Centre and to advise the Centre. Without that planning, cannot be carried out. They will be a link between the Government and the villagers. State councils, district councils, village councils—these are all links. People will thus see what they have said is followed in the Centre and they are responsible to some extent also for the Plan.

There is another question which has been exercising our minds because of the arrival of Mr. Black. I believe we are getting a lot of assistance from abroad and it is used for extension schemes. But there is no reference to Co-operative Movement or co-operative banks being used for this. We want an assurance in this respect. Now, one suggestion. When we frame a resolution, it cannot embody all that you have said since there may be members who are not satisfied on principles. I suggest the following members be invited to form a committee and be given powers to co-opt any others to frame a resolution. 1. Prof. D.G. Karve, 2. Sri K. D. Malaviya, 3. Sri N. Satyanarayana, 4. Sri S. Dixit and 5. Prof. P. N. Driver.

The House having agreed to the suggestion, the discussion on the subject concluded.

Adoption of Co-operative Principles by the State towards the Establishment of a Co-operative Commonwealth

President: I request Sri P. J. Chinmulgund to initiate the discussion on subject No. 2, viz. Adoption of Co-operative Principles by the State towards the Establishment of a Co-operative Commonwealth.

Sri P. J. Chinmulgund, (Registrar of Co-operative Societies, Bombay): The subject, as it is worded, does not make any clear sense and so I cannot accept it as it is. I recast it thus: "Adoption of co-operative movement to be the declared State policy for development and considering how far and to what extent the co-operative movement can help in implementing it". Now the basic question arises, if the co-operative movement is already one with the Government in the implementation of the State policies or if the State policy means compulsion should we say that we must stand apart and do nothing? It will not at all

at this stage be useful to say that we stand away. We must associate ourselves with whatever policy the State is following. If you don't do that what will be the consequence? Work will go on without you. You cannot expect any help from the State. In that case, the State will encourage other institutions to be established in the same areas. That is one aspect. Secondly, there is also a likelihood, not perhaps strong likelihood, of our incompetence coming into direct conflict with the law. If the State policy is something and you don't like it, this will lead to direct conflict. This is another difficulty. The third aspect is that even though we may be taking an independent attitude, we will be compelled and induced to associate with the State policy whether you want it or not. Whatever be the State policy, we have got no other choice. We have got to carry through.

I must mention an important point. We all know that the co-operative movement was started in a fairly capitalistic economy and you will find from the survey of the Movement elsewhere that the movement flourished more amongst a particular section of the people who were capitalists. The result is that the agriculturists were not paid well in the existing economic system and they were being exploited and they were not given a fair deal and therefore they have come into the co-operative fold which has become a defensive weapon. Take for instance consumers. Till the war came, they did not feel they were exploited and they felt there was nothing wrong in the economic system. Now after the war came, with black-marketing and corruption in its wake, they have started societies to preserve themselves. Our State is a Welfare State. Things are moving in that direction. If the Welfare State comes into being and the State can ensure full economic and social justice to every citizen, then the incentive for co-operation disappears. Because, as I said, co-operation has flourished only as a defensive weapon. If a Welfare State is established, where is the place for co-operation? Therefore, if you accept the conclusions of the Planning Commission as final, it may be public sector, private or mixed sector, co-operation will lose its significance. In the public sector, it will be reduced to the position of nullity. The instinctive urge for co-operation may disappear or be seriously hampered and the co-operative movement cannot be preserved intact. As regards the mixed sector, I see that the State must come to the co-operative movement in its own interest. It cannot go anywhere. The State must formulate the policy and an official organisation is necessary to interpret and implement the State policy. This is a tremendous experience. Now to the private sector. It is quite possible that the private employee is more efficient. But, for execution of the State policy in the private sector, the State will have to meet enormous expenditure and application of the policy will involve greater delay which means the policy itself will go null and void. So in the interest of the State itself, the State is bound to come to you and we do not fear that we will not be given proper recognition. We should also remember that each State will have to take

stock of what it can do. Simply saying we can do everything is meaningless. When the State comes to us we will determine our capacity. We know our resources and we know our strength. Unless there are any super-complications, we will not find it difficult to execute the plans of the Government. Having discussed so far, we can tell the State honestly we will require certain assistance. We will say we have got these resources, we are trying to collect our own resources. But if we do require further assistance, the State must come forward. Asking the State to subsidise you right from the start is meaningless. We must prove our worth and make use of our own resources first. This should be our attitude. I think this is the way of looking into the problem.

President: I congratulate the speaker for his thoughtful and instructive suggestions.

Sri Madhavarao Anwari (Hyderabad): The subject that the Registrar of Co-operative Societies, Bombay, has put before us is, according to the agenda, rather a different one. I do not share the view put forward by him. I envisage quite a different State. I for one believe that we should have a Co-operative State. The democracy under which we are now working is a democracy which has been adopted from the Western countries particularly from the United Kingdom. We as co-operators want co-operative democracy in India. How to achieve this co-operative democracy? We are all one and there is no disagreement in the fact that the whole of our economy in India should be co-operative economy. Channels of distribution, as we advocate, should be co-operative and we are all one in demanding Government assistance for spreading the Co-operative Movement in different aspects. This is so far good. But when we think of co-operative commonwealth, the plan that I have in my mind may apparently look a little bit fantastic. But it is quite practicable. If you take the country as a whole the Co-operative Movement has gone almost to every nook and corner of the country and it has covered every aspect of human life. When this is so, it is very easy for us to build a Co-operative State. We have got co-operative credit movement; we have got sale and purchase movement; we have got co-operative farming. When all these aspects of life are taken up by co-operatives, I for one believe that the whole rural management should entirely be entrusted to the co-operative movement—whether it is sanitation, it is schooling, it is housing. This system of co-operative enterprise should be developed to the extent of taluka and the real administration should start from the district level. If we go on in this way building up co-operative federations on the level of district and then into the central level, the whole economy of this country can be made co-operative. We want a co-operative economy. We are definite about that. We want the State to adopt this. The whole administration should be a Co-operative Commonwealth. When that is our idea and objective then there is no use of thinking in other terms. Supposing to-morrow a capitalistic Government comes to power. Do we

change? No. We will not adopt its economy. We must build up a Co-operative Commonwealth wherein the co-operative institutions should dominate the whole economic field of the country. Once we accept the principle, it is not very difficult for us to work out the details and make the whole of India a Co-operative Commonwealth in the near future.

Sri T. S. Rajagopal Iyyengar (Mysore): One or two things are not made clear. It is not defined anywhere what is meant by Co-operative Commonwealth. It may be economic equality or something else. In its broad sense, it can be put to mean the establishment of a State-less society wherein people live by goodwill. In the first place we have got to know what we mean exactly by "Co-operative Commonwealth." What is meant by 'Co-operative principles'? What was defined as 'co-operative principles' during the days of Raiffeisen is not now adopted or followed. We must define now what we mean. On the one hand we have to follow co-operative principles which means democratic management and on the other we want planning which means State control and guidance. How to reconcile? Before we proceed further we have to define these things.

President: This is a very important subject. Let us be practical. As Mr. Chinmulgund said would the co-operators be prepared and the co-operative movement be prepared to work as an agency of the State or remain isolated? In the case of the former, what will be the nature of assistance? In that case, the organisational principles of absolute voluntary effort etc., have to be modified according to the execution of the policies laid down by the State. This is a very important question. We cannot reply straightaway. On one side, we say we must have voluntary principle and we should not be compelled. In that case there cannot be any planning. Further, there are so many other difficulties and handicaps. I leave it to you to decide. I suggest that Mr. Chinmulgund and Mr. Iyyengar should draft an agreeable resolution for tomorrow.

State Trading and Co operation

Prof. P. N. Driver: There is a question, Mr. President, I presume, as to what part co-operation should play in State Trading. It is not difficult to see why the subject 'State Trading' should loom large on the economic horizon. The question of State Trading has not merely come up before us but it is forced upon us owing to international and internal conditions. The conditions are such today that the State has been called upon to interfere with the working of the free markets. I am sure we realise we are living in an age which marks the end of an era of free markets, at least for some time to come. The reasons for the collapse of free markets in the world and the coming of State Trading are described in my Paper. It has been discussed in other Papers also. The problem is very simple. I feel capitalism is doomed in the very hour of its birth to die ultimately from the cancer of depression. The scarcity of the world today is due to the last War and the last two World Wars are due to the basic factors of unemployment and depression. Mussolini in 1922 was the product of mass

unemployment and other wretched conditions and when Hitler came to power in 1933, there were eight million unemployed and 250,000 suicides in Germany. These are all facts. So unemployment and depression have been the causes of many of our troubles, which put an end to the free markets. When we are economically depending on the international markets, State Trading has been created in India in one form or other, though we are believers in free markets. But there is one tragedy which we should not forget. Agriculture is our industry. But there is not enough food. Free marketing in these times is not supporting the agricultural industry. So it has got to be protected by the State. Agricultural community in England has not accepted the intervention of the State. I know this. Everywhere free market has ended. This is not new. We must try to understand this. The State nowadays is the most active trader. In this, what part can the co-operators play? The State has to take steps for increased exports and to keep a favourable position in balance of payments. A surplus balance of about Rs. 14 crores is changed to a deficit balance of Rs. 214 crores within 10 years. These are all facts of tragedy. To solve these problems, State has entered the field. Now, we have got to consider carefully two things: (1) the importance of State trading in the economic planning, and (2) the part to be played by co-operation in this. These are before us. What are the branches in which co-operation can help? To expand, we have to build up the requisite machinery and organisation required. If the State is going to be the most active trader, what machinery can we provide to help the State? We have to organise a programme for us and see that it is workable. Otherwise, we must be ignored. We have to develop the co-operative movement so vigorously as to make it clear that it can function as an effective plank in the State or rather as an effective third group midway between private enterprise and completely controlled State action. Its independent and distinct role as a useful liaison between the above two sectors has to be established beyond doubt. Have we a programme to put before the country as *via media*? Let the past be past. Whatever our failures in the past, let them go. How to revive the movement? What programme have we got? That is the main work of this Congress. In foreign countries, co-operation is a private sector. We are not for that. We must have an independent existence reconciling the two. Co-operation has a very important role to play in State Trading. Co-operation is very important in any socialistic State. Without co-operation, Socialism cannot succeed. We have to evolve our policy in this. In distributive trade, the State cannot manage, without the help of co-operation. Distribution is the most difficult factor for the State to cope with. It should be reorganised, for which the help of the co-operatives is very essential. Economic planning is to be according to the desire of the nation. No economic planning is possible if it is not based on the desire of the entire nation. Merely satisfying one section or other is of no use. Now there are certain basic questions. I have attended your auxiliary conferences. I must say that the State is necessary to

co-operative trade and co-operation is necessary to the State. We have got only limited expansion. We have expanded within its limited sphere so far as it is possible. Our co-operative institutions should immediately work out a detailed plan for the setting up of a powerful consumers' movement. We shall begin with the retail trade. So long as rationing continues, distribution of rationed goods should be left to the co-operatives. I feel this distribution should be only to the members. The movement is likely to develop in other wider spheres such as those of wholesale trade, services, transport, non-controlled goods. What is the experience of Great Britain in the Consumers' Movement? It has not succeeded to the same extent in all the fields. It has succeeded only in milk, sugar, butter, cheese and so on. If after a century the experience of the English Consumers' Movement is such, it is not advisable on our part to think now of all aspects. Now, the question is why there should be a limited expansion. Our difficulties are very clear: (1) State itself is coming up as a rival. (2) Rivalry of the private trader. Co-operative trade cannot meet this. The British experience shows that the co-operative traders cannot compete with the private traders. Price control is there which affects the co-operative trade more than the private trade. (3) Denial of an independent third position. We are dubbed as a private sector. Co-operative traders give dividends. In order to maintain price level, these traders are refused supplies. I think I made it clear why co-operative trade requires for its development systematic planning by the State. The first essential thing is that the State must have a regular policy regarding distribution and co-operation must be given a prominent place in this policy. Further, the State should allow co-operatives certain scope to expand in certain fields. We can have organisations for conducting marriage ceremonies, funeral ceremonies, restaurants, etc., in order to stop black-marketing and other unfair practices of the private traders. The Registrar of Madras, referred to a great difficulty. They have got leather manufacturers' societies and they are not able to compete with the Batas. I think State controls must come to the help for this. Can co-operators expect so much of State help? We criticise the State policies; at the same time we want their help. So there is a conflict of loyalties between the State and the consumers' stores. In the Auxiliary Conference on Consumers' Co-operation, many speakers did not want any co-operation from the State for any activity of co-operators. There is a field for co-operation. There is a field for the State too. We must understand where exactly we must co-operate with the State. If the Collectivist State is a dictatorial State, I don't think that will destroy co-operation. On the other hand, I feel that the more it is collectivist the more it will support the co-operative principles. Our fear in regard to this is wrong. Mr. Lenin of Russia was a good supporter of Co-operation. We must not allow the private sectors to crush us. In production and distribution, co-operative movement requires thorough reorganisation. So we can set up a committee of experts and give them sufficient time, say 3 to 6 months, to suggest what steps to

45913

be taken to revitalise the movement. We want fresh blood. I hope, when we do that, we shall be able to set up a new foundation.

Shri P. L. N. Rao, (Orissa): The Report of the Committee on "State Trading" is receiving the attention of the Government of India and the Report is under publication. It deals with the export trade and not with the internal trade. In that Report, it is pointed out after stating various difficulties that co-operatives are the proper institutions through which the Government can pass over difficulties. Co-operatives can help the Government in getting raw materials, processing them, cleaning them and supplying them to Government. What are they? Minerals such as Mica. Mica is a big industry in Bihar, where thousands are employed. So Mica can be handled by the Government as State Trade, where co-operatives can step in for processing, etc., and give it to Government. Tea in Assam can be taken by Government which will earn dollars. Like this, there is a long list. Whether co-operatives can export direct or not is a question. We can export. But licences are required. State and Co-operation can be mingled together in certain things. In the hilly parts of Orissa, Madhya Pradesh and Bihar, edible oils are extracted. We do not require them in our country. By organising this trade, we can help the Government and make it earn dollars. There are hundred other items like this where we can get raw materials and help the Government. The Government on their part should assist us with funds for establishment of credit in foreign countries. I suggest that there should be a good field of co-operation between the co-operative marketing societies and the Government in the export trade of India.

President: This subject is to be discussed in a different way. In our discussion, we need not enter into socialism or communism. We must emphasize only co-operative principles. We can cite examples from foreign countries where co-operation has succeeded. I do not wish this Congress to express opinions on "State Trading *versus* Private Trading". I am now asking the speakers to frame a resolution on the subject.

The House at this stage adjourned for lunch.

Formation of a National Union of Farmers

When the House reassembled after lunch interval the President suggested taking up the question of the formation of National Union of Farmers, as suggested by Mr. Munshi, for discussion.

Capt. Dalip Mansingh (U. P.): We have been feeling that for the last many years we are short of food and that shortage has been causing anxiety to our leaders and to all who are interested in the welfare of our country. So it would be only proper and desirable that this the First Congress of the Indian Co-operative Union should take a lead in the matter. We suggest that food production drive should be organised and steps should be taken to co-ordinate all farming and other activities on correct lines. I am sure if we give a lead in this respect, our lead would be followed not

only by members of our village co-operative societies but it would be taken up by those who have not been our members but who have been taking interest in agriculture and in food production. We should ask the Executive Committee of the Indian Co-operative Union to call a conference—you may call it a convention or you may give it any other name—but that committee should be authorised to call a conference of all representatives of the co-operative societies who are interested in agriculture and who really take interest in producing more food. We may seek the support and assistance of the Government of India and other institutions who are thinking on the same lines. I hope, if we decide to take a step in that direction, our decision should, in due course, as I have already pointed out, be followed by brother co-operators and numerous co-operative societies spread over the whole country and this step would be appreciated.

Sri K. L. Dani: According to 1951 census, about 86 per cent of the people live in villages. Not only that, even those people who are in towns and run many industries like cotton and sugar, feel their mainstay is agriculture. In brief, our country forms an economic base. If the co-operative movement is such that it can help in the crisis of the country, I feel its main emphasis should be shifted to the village and the co-operative fold. The word 'co-operative farming' is sometimes misleading. Those in cities can afford to buy tractors and start farms. The need of the hour is that we should take into our fold all agriculturists and all villagers on the spot. We must organise some sort of a body to represent the farmers. Let there be village unions, district unions and then, according to the needs, State Unions and Central Union. At the most, we must have all these in one and the same time. One thing I must tell you that up to this time the actual work in most of these institutions is not substantial. You must excuse me for my frankness. So I say we must start from primary societies with people actually in the movement.

Sri Satgur Prasad Chaudhuri (U. P.): The question is whether Mr. Munshi wants a separate independent organisation of farmers of the Indian Co-operative Union or wants the co-operators to do something especially for the farmers. It is no good to depend on the formation of another organisation. My suggestion is that a Session of the Indian Co-operative Union should resolve to hold a convention under the auspices of the Indian Co-operative Union which may consider all the aspects of the farmers problems. You must decide whether you want to have a separate independent Farmers' Union. If you want a separate Union, please call a convention under the auspices of the Indian Co-operative Union. I fear a separate organisation, if formed, will achieve nothing even in 15 years. It will only hamper and it will not serve any better purpose.

Sri B. J. Patel (Hony. General Secretary, Indian Co-operative Union) Mr. Munshi suggested the formation of a Farmers' Union. This is from the farmers' point of view a very precious suggestion and I would like this Congress to consider this suggestion very seriously. For example, it

there is any difficulty about transport, say railway, who is there to represent the voice of the farmers before the railway authorities? In the case of the merchant community or industrial workers, they have got their own organisations and they can put forth and they can succeed in getting the points conceded. But in the case of the farmers, there is no such organisation. So this is the suggestion which, in my opinion, is the best if considered from the farmers' point of view. It would be worthwhile if we discuss this matter in a small gathering both from the Government's point of view and from the farmers' point of view. Further, the suggestion has come from Mr. Munshi and it should be given due thought. Some material aid from Government we would get for organising this. The need for such an organisation is obvious. For example the price given to our produce is not remunerative. It is very difficult, individually, to collect statistics and submit the case before the authorities. If there is such an organisation, we would be in a position to prepare our case very nicely and we can put before the authorities.

Sri R. K. Jayathirth Acharya (Mysore): Mere speeches will not attract farmers. We must be able to assure them something tangible in their daily life. Then only, they will interest themselves. So far as Mysore is concerned we have got what are called Hobli Multipurpose Co-operative Societies. A group of villages is called a 'Hobli'. And these multipurpose societies are integrated into a Taluka Multipurpose Society and there are about 785 such taluka multipurpose societies. The object of these societies is to deal in controlled goods, tractors and other agricultural implements so that naturally the farmers take interest in them. Both these societies and the farmers get themselves interested in the agricultural affairs and work together in a combined and co-operative manner. My submission to this House is to consider this. Why should there be a duplication of organisations? We have already got such societies, whether they are called multipurpose or rural societies. Mere multiplication of a number of societies will not give the desired effect. Cannot the existing societies be made to take up this new function? Educational aspect is a part of the co-operative institute and the branches of the institute and these village societies themselves can develop the branches and if any literature is required that may be supplied by the Central Institute. Thereafter, the farmers might be induced to take up joint farming and in that manner, I believe the object of the Farmers' Union could be achieved.

Sri G. S. Bharatiya (Rajasthan): Probably you do not know the exact conditions in which the villagers of Rajasthan live. Ignorance is there. It is so much that during these elections those people were exploited throughout by the Jagirdars and Maharajahs who carried on a vicious propaganda amongst the poor villagers who easily succumbed because of their unwary nature. So Farmers' Unions are necessary so that the farmers may not be exploited by the political assurances. The existing co-operatives in the villages will not be able to teach the farmers what is best in their interest.

These farmers' unions will be able to keep the farmers from the conflicts of the political parties and will be able to bring in and initiate co-operative efforts. I wholeheartedly support the motion.

Sri Thakur Phool Singh (U.P.): It is beyond the scope of this Congress to say that we propose to form a Union of Farmers, because Mr. Munshi has said it in his address. I think, Sir, this will be making ourselves a laughing-stock of the country by adopting this proposition. By adding the word 'co-operative farmers' is to make the position worse. Do you mean to say there are 'co-operative farmers' and 'non-co-operative farmers'? I think, Sir, while the country needs a Union—not a farmers union—this is not the way to do that. We are least competent to organise such a show. For one thing, all the co-operators are farmers or rather most of them are farmers. There is no difference between the farmers in India. Let us not exploit the farmers. (hear.) I think we might pass over to the other items on the agenda.

Sri T. S. Rajagopal Iyyengar (Mysore): Sir, India, we all know, is not sufficient in food. As Mr. Munshi said, let us give a drive to the food production. By food production, he means, as contained in his inaugural address not merely improving the agriculture side of it but it means four other things viz. 1. development of agriculture and horticulture, 2. animals and animal products, 3. fish and 4. forests. The development of all these would come under food. Now what the Hon'ble Minister wants us to think is that if food production is to be increased on a national scale, if we have got to become self-sufficient in the short period possible, co-operatives alone can do that and if they take it up, well and good. But it is just not possible for us to do. We require the co-operation of other elements. So, he says we must have an all-India Union comprising men interested in maximising production, enthusiastic co-operators, tractor dealers, implement manufacturers, fertiliser agencies, trained experts, enthusiastic workers, cattle breeders, farmers—large and small—and all soil-minded men pledged to transform soil. What he envisages is that the Co-operative Union, with the help of the peoples who have not yet entered into the fold viz., other agriculturists, manufacturers, labourers and other working classes, to evolve a formula to see how best production is increased in a very short time. Somebody must take the initiative to call a convention and commence to think about the subject. In that convention, all these people, viz., co-operators and representatives of the people who have not yet entered the co-operative fold, sit together to think over the subject. Is it not befitting on our part to take the lead in this matter? I agree with the sponsor that we may take the initiative in calling for a convention consisting of all the elements to think of the ways and means to be taken to find out a solution for this big national problem.

President: Mr. Iyyengar has put it right. It is for the Congress to decide. If you like, you can have a resolution. We have had enough discussion on this and we pass on to the next item.

Organisational Aspects of the Co-operative Movement

Capt. Dalip Mansingh: The subject before you is not one but a number of items. Briefly, I will deal with these points one by one.

Separate Ministries: You might say co-operation does not deal with only one aspect of the life of the people. Production, distribution, trade, industries and all the rest are being dealt with. Unfortunately, upto this time, not only in the Centre but even in the States, we do not have any separate ministry for Co-operation. And it is, I think, the unanimous opinion of all of us that Co-operation should receive greater attention from Government and a separate Minister to look after it is very necessary. At least Co-operation should be one of the chief items in the Ministry. This should not be treated lightly.

Central Co-operative Council: This recommendation was proposed by the Co-operative Planning Committee in 1946. This Registrars' Conference held at Madras gave support to this and this was supplemented by the Sub-Committee in 1949. I hope you will agree that such a council will be very useful because different States have different problems. If we have a central co-operative council and it meets occasionally, it will be very good since discussion will be on an All-India basis.

Deofficialisation: We have been in the co-operative movement. In spite of the fact that there are quite a number of banks and societies which have worked for a sufficiently long time, say 20 or 30 or 40 years, the control of the Registrar and his subordinates has not lessened in the least. In this respect our President, Prof. Kaji, made a good suggestion. Why not such co-operative societies which have been functioning very soundly do away with Government interference?

Honorary Workers: There was a time when honorary workers in our movement could not be paid. Now, we have to remunerate them for their service, since our activities are on the increase. In consumers' stores, housing societies, banks, etc., we can have the retired officials for preparation of plans, supervision etc., since non-officials cannot manage them. We can pay them some honorarium and also make suitable arrangements for their living. I think if we pay them adequate honorarium and make proper arrangements for their living in rural as well as urban areas, there is no reason why with their help our movement may not make good progress.

Sri R. P. Bhargava (Registrar of Co-operative Societies, Rajasthan): On this subject, from time to time, so much has already been said that nothing new appears to be necessary. There are still some States, for example Rajasthan, which are comparatively less advanced and whose problems are different. Rajasthan was formed by the integration of 20 States in April 1949. There are 33,000 villages and a population of 140 lakhs. We have about 3,000 co-operative societies of all types functioning. Two things are absolutely essential to look after in the co-operative movement viz., 1. finance and 2. training of the staff.

So far as finance is concerned, there is no apex bank in the State upto now. With the help of the Reserve Bank, our Government have agreed to contribute 50 per cent of the share capital. There is no separate Co-operative Act for Rajasthan. There are about 12 central co-operative banks. The working capital in most of the cases does not exceed Rs. 8,000.

With regard to staff, we have got auditors, supervisors, assistant inspectors, most of whom are untrained. We have started schools for them. But it will take time to have some kind of proper organisation.

So much was said about deofficialisation of the movement. Neither the voluntary character of the movement nor the deofficialisation can be minimised in importance. But we should not forget that the conditions differ in different States. The problem everywhere cannot be viewed on the same perspective. Our people, though very enthusiastic in every possible way, are ignorant of the co-operative principles. This is the condition of the official staff. About the non-official staff, I need not describe. But every possible step is being taken to acquaint our masses with the principles of the movement. At the same time though so many fully realise the important part they must play and they have to play, we cannot from the beginning hand over the reins to them. Hence I strongly feel unless and until the movement is placed in official control for some time, it cannot flourish in my State. We will be glad to share our responsibility with the non officials.

A word about separate ministries. As far as my State is concerned, although there is no separate Ministry of Co-operation, we do not suffer on this account. Our minister is taking all possible interest. I do feel that if the Registrar of Co-operative Societies is made ex-officio Secretary to the Government for the Co-operative Department, this will serve our purpose.

Sri R. K. Jayathirth Acharya (Mysore): Deofficialisation of the movement has been stressed practically at almost every conference. Deofficialisation is necessary to promote non-official initiative. We welcome official help. As the Father of the Nation once said, we would like civilisation of every house. We want help and all advice that is necessary. The official should be our guide and philosopher but should not be our overlord.

With regard to special ministry for co-operation, at present co-operation is not receiving due attention. In one State, there is not even a Registrar. The Chief Marketing Officer is in charge of everything. He has no time to spare for all the things. So not only should there be a separate Minister for Co-operation but the Registrar also should be a full time one.

With regard to honorary services, I say that in the case of advanced institutions where there is great profit, payment can be made to the honorary workers. But in the case of societies started recently, wherever honorary work is forthcoming, we need not insist upon payment.

Sri V. P. Varde : In all spheres we have got co-operative societies and the whole structure of the co-operative movement has to be examined. That is a point which cannot be done at the central level. It is therefore necessary for the States to appoint an Expert Committee to enquire whether the co-operative movement is going on on sound lines.

As regards, separate ministries, of course I am not concerned. You must know that there are already 20 ministers and the cost of administration is going up. We must look into this from the national interest. For every subject there cannot be a Ministry. One efficient Minister can be in charge of a number of subjects.

A Central Co-operative Council has been suggested. The Indian Co-operative Union is already there. If you make it a central organisation of officials and non-officials, I do not think there is any need of a separate co-operative council, when particularly the Indian Co-operative Union is functioning and it is really strong. On the one hand, you want deofficialisation, on the other you want official patronage. I personally think that is inconsistent. Once you want deofficialisation, you must stand on your own legs. On one side, we want the Registrar and on the other, we do not want his interference. This is really meaningless.

One word about honorary workers, I do not understand this. I can say we, in Bombay, have got a spirit of service. It is high time now that persons who are experienced and who have got the spirit of sincere service must take charge of the movement. If particular organisations are able to pay we have no objection. What I mean is there is room for honorary work. There should not be any compulsion for payment. It is love that prompts them to render free service to the poor. In such cases, to say that they should be paid adequately has no meaning.

President: We have sufficiently discussed this subject. Both Mr. Varde and Capt. Dalip Mansingh should frame a resolution.

Co-operative Farming

Sri K. Sarvothama Rao, (Chief Officer, Agricultural Credit Department, Reserve Bank of India): The food situation in the country is such that we must reorganise our farming methods. In our country now wheat is being imported on an increasing scale. Naturally, we have to think about this seriously. Co-operation implies voluntary membership, democratic management and equitable partnership. Democratic management is very important. Equitable distribution of surplus is one of the greatest discoveries made in the economic field in the 19th century. I went to a particular State last year and there I found that absentee landlords had formed a farming society. They distributed all the surplus amongst themselves. Is it a co-operative farming society or a joint stock organisation? We must see what a co-operative farming society should be like. It is one in which members who actually work in the lands will ultimately draw out their

surplus according to the work they have put in. Collective co-operative farming societies exist in Hungary and Russia. The State is a dictator in these societies. This is no good to us. We should like to have a tenant farming society in which persons own and cultivate lands themselves. A co-operative joint farming society may also suit us. For all these, State help must come in the nature of personnel, remission of land revenue, etc., and finally, long term funds are very necessary. This may come from the Post-War Reconstruction Fund or some Development Fund. I hope you will consider all these aspects of the question before passing the resolution.

Sri K. Subrahmanyam, (Joint Registrar of Co-operative Societies, Madras): We in Madras, have been carrying on for the last ten years an experiment of co-operative tenant farming societies. What we are doing is that where lands are available in compact blocks of 50 acres and above, we form co-operative farming societies, popularly known as co-operative land colonisation societies. The land is assigned by the Government in favour of the societies and the societies hold the lands on ryotwari tenure. Each one of the members is given an economic holding—if it is wet land, 4 or 5 acres and if it is dry land, 10 acres. He has got occupancy right over that land. He cannot mortgage; he cannot sublet. But he holds an occupancy right over it and he has a right to pass it on to his heir on his death. The Government gives subsidies and also interest-free loans for purchase of bullocks, manures, etc. We have got on the whole 80 societies to which the Government are giving help. The entire agricultural operations are carried on, on an individual basis by the colonists themselves. Only certain services are rendered collectively viz., supply of seeds, manure, sale of paddy etc. Attempts were made to try joint and collective farming as an experiment, but unfortunately, the experiment proved a failure. In one case, land was given to the society to carry on agricultural operations on a collective basis. But the members did not put forth effort in proportion to the wages received. The result was that they received their wages all right but the produce was so little that the experiment had to be given up. So we have been trying tenant farming societies. This affords the greatest chance of success and the result on the whole is satisfactory. In theory, joint farming or collective farming may be a better type of agricultural organisation than individual farming. But we have no data in support of this. Actually, in translating this theory into action, we find the results are very disappointing. We find that the Planning Commission have made a reference to co-operative farming. They are not suggesting precisely in so many terms what type they contemplate. But, when you go through the recommendations, the indication is such that co-operative farming should be collective or joint. The village as a whole should be taken as a unit for agricultural production. If you carry on collective or joint farming, you cannot achieve the best results. It seems to me that when we are now short of foodstuffs, maximum production is necessary. This is no time to try experiments. As in Madras, we can form tenant farming societies wherever large blocks of land are available. All

departments of Government should lend a helping hand and provide the necessary assistance.

There is also another system called 'land lease system'. Large blocks of waste land (Padugai land) are assigned to the societies for 2 to 5 years and the Government fix the rent payable to them on average rental basis. The society parcels out land and sub-lets to members. It will be interesting for you to know that 37,000 acres of such land have been given to over 467 societies. As a matter of fact, Government got Rs. 7 lakhs by way of rent alone. This system helps in providing employment to agricultural labourers and Harijans and in increasing agricultural production. It is no use now trying experiments in different types of co-operative farming. It is better to proceed on tried lines.

President: Very useful information has been given by the Joint Registrar. I request him to kindly submit a note to the House on this subject.

Sri Paul (*Research Student, Reserve Bank of India*): When we evolve a method, a new method to be adopted by the agriculturists, there should not be any disturbance in the present economy of the country, when particularly we are faced with financial difficulties. I suggest that the best method is to encourage the societies to work on the basis as they are doing at present. It must also be considered how to make the best use of the present agricultural machinery and utilize the facilities afforded for irrigation etc.

Sri N. Satyanarayana (*Madras*): I have tried this co-operative farming in my own village. My collector gave me 1,000 acres of land in the deltaic area of the Godavari. I distribute the land among batches of Harijan agricultural labourers. I finance them with the resources of my bank, purchase and sell their cattle and help them in all possible ways. After the seed is sown, cultivation is carried on collectively and there is joint cultivation work. After that I market the produce as agent of the workers for better price. I pay the Government kist. To-day in my place, we have got better food, better housing and the social status has improved. Socially and financially our labourers are becoming a little stronger to-day and their status has much improved. They now possess 50 pairs of cattle as their own.

President: I appreciate this: Mr. Satyanarayana has himself organised co-operative farming societies.

The House adjourned to reassemble on the following day at 11 a.m.

Third day—27th February 1952

President: I think we may now commence our proceedings. Prof. Karve yesterday opened discussion on the Planning Commission's Report. He has prepared a resolution. But he is not able to be present and he has sent his apologies. So, in his place, I request Mr. Malaviya to move the resolution on "Place of Co-operation in the First Five-Year Plan".

Place of Co-operation in the "First Five-Year Plan"

Sri K. D. Malaviya: Mr. President: As per discussions of yesterday on the subject, we have framed the following resolution:

1. "While appreciating the fact that the use of the Co-operative Movement has been advocated by the Planning Commission in connection with a number of economic activities, particularly those relating to agriculture and rural development, the Congress regrets to find that the Commission has not specifically adopted the principle of giving first preference to co-operative institutions in formulating and implementing its programme of reorganisation and development. Co-operation has a very much wider role to play in the working of the plan than has been specified in the Commission's draft outline.
2. "State assistance to individuals should be made available through Co-operative agencies only. The draft outline, while enunciating this principle, appears to make this a function of the Village Production Councils also of which the panchayat executives, where they exist, will be the nucleus. In the opinion of the Congress, wherever co-operative societies exist, these should be the exclusive channels of economic contact between the State and the people. It is all the more necessary specifically to emphasise this aspect, as in the past, Government have been neglectful in favouring co-operative channels even to the extent to which governmental declarations of policy have seemed to favour them.
3. "Marketing and Trading as far as possible at all stages should be organised on a co-operative basis.
4. "The Consumers' Co-operative Movement should form an important part of a scheme of planned distribution.
5. "The proposal of the Planning Commission to recognise registered farms without limit of size, opens out a prospect of subsidised capitalistic farming which will prove inimical not only to the progress of co-operative farming, but also to the realisation of the social objectives of the plan. While for increasing the size of the holding, the co-operative method should be energetically pursued, the immediate need to help the small holder to the maximum possible extent to improve his production should not be overlooked. In any case nothing should be done to favour, or even to acknowledge, capitalistic farming as an instrument of agricultural planning.
6. "The prospect of organising processing industries using raw materials locally produced, on a co-operative basis should be fully explored.

7. "Cottage and small-scale industries must be fitted into the overall plan of industrialisation by creating a defined field for their operation.
8. "An estimate of financial needs of schemes of co-operative expansion and an indication of the resources—private and public—from which they are to be met should form a necessary part of the plan. Unless the entire system of credit operating in the country, including the State, the Reserve Bank, the Imperial Bank and the co-operative banks, is treated on an integrated basis for meeting the requirements of the national plan, both planning and execution are bound to become diffused, risky and ineffective.
9. "The agency of co-operative institutions should be used on the widest possible scale for the construction and maintenance of public works especially those of local use.
10. "The Congress welcomes the idea of selecting for intensive development along co-operative lines suitable areas in several States and urges that in all these areas co-operative methods of organisation should be used. In areas thus selected for intensive development all legitimate governmental assistance should be made available for the working of the plans of development, and the local bodies and institutions concerned should be given powers to direct the employment of land and labour into defined channels, provided they take this decision by a very large majority. In the permissive legislation that will have to be passed for this purpose, suitable safeguards against arbitrary use of this power should be provided.
11. "The Congress requests the Executive Committee, if necessary through a sub-committee with co-opted members, to keep the progress of planning under continuous observation and study, and to convey to the Planning Commission both general and detailed suggestions as occasion may arise."

The resolution is exhaustive. Still I would like to make one or two observations in this connection. Generally, Sir, I would like to put before this House one very important point and I would like the Government and the Planning Commission to give very serious consideration to this question. The entire question of mobilising the public enthusiasm and public support for the co-operative development of the country to-day is facing us. In a nutshell, this is the most important point. How to mobilise this in the scheme of Government developments? Any possibility through the co-operative machinery? As it is, to-day there is no other voluntary public organisation which can more effectively deal with this question of mobilising public enthusiasm than the co-operative machinery. I would, therefore, submit for your consideration and the serious consideration of the Government that henceforward they must pledge themselves to utilise this

machinery of co-operation in the mobilisation of public support. I say if you create and try to create more than one organisation, public attention may not be focussed. Well, Sir, there are suggestions made about panchayats village unions, co-operative councils, farmers' unions and all that. But there are only a few village people who can understand and who can assimilate these things. Where are they to be and what are they to do? I suppose the best possible course today is to recognise the worthwhile organisation that exists today, that is, the co-operative machinery, to unfold that programme, to undertake that programme and to expeditiously apply our minds to finish it. This is the most important question before us now. At the village level, we must have one co-operative machinery to undertake the entire scheme that is unfolded by the Government. Then there will be a great sweep on various aspects. For the very idea of Grow More Food, if the Planning Commission gives exclusive attention and gives preference to the co-operative machinery, we can set up an organisation of farmers' societies. Another aspect is cottage industries which should receive greater attention at the hands of the Commission and all raw materials have to be evenly distributed between the major and the minor industries. Government must have a clearcut policy as to the supply of raw materials and marketing of finished products between the major and the minor industries. At present, the field of operation of cottage industries is insignificant. To follow the Gandhian aspect, they must canalise all efforts both official and non-official, at the village level in such a way that the talent of the local area is made to work according to a certain plan. So far as we are concerned, they have accepted the co-operative creed. To get hold of the local talent and local resources, it is hardly necessary that there should be a plan. In selected areas which have been proposed by the Commission, there ought to be some method by which the resources and the manual labour which will all be ready, are available to the scheme, to the co-operative societies and to the governmental machinery. It is not my intention, it is not my desire and it should not be the desire of the Congress to go in or to seek the help of the Government. We are far from it. But, whatever assistance is given either at the Delhi level or at the State level, all this assistance must pass through the funnel of co-operative institutions to mobilise public enthusiasm. There are difficulties. We have to make up our minds. We have to crystallise and finally decide. Speedy co-operative machinery must be utilised to go ahead with the scheme. In paragraph 8 where the resolution talks about marketing, the idea is that even imports of foodgrains or other essential commodities should be entrusted to the apex organisations of the co-operative movement and it will be conducive and beneficial to the interests of the agriculturists. So far as distribution is concerned, we all agree that the co-operative machinery should be given preference at every level. These are my views and this resolution should be taken up. And I hope the Planning Commission will accept the co-operative machinery and the co-operative means as their own in the programme of the next few years to come.

Sri A. B. N. Sinha (*Bihar*): I have the honour of seconding the resolution. As is expected, the Planning Commission have not done justice to the Co-operative Movement and they have planned more or less as if the co-operative movement does not exist. With regard to agriculturists, I must say a few words. For agriculturists, what is badly required is the supply of manures, the supply of seeds and the provision of irrigation facilities and at times stopping of floods. These things should not be left to other agencies. After all, production is a matter of State importance. When production is a matter of State importance it is right that some agency should come forward to see that every agriculturist gets due share of seeds, manures and proper irrigation, so that, for the negligence of an individual the State may not have to suffer. Therefore, something like extension service as in America, we can have in rural co-operative societies instead of frittering away our energies in new institutions. I feel that every attempt to help the agriculturists should be made through the co-operative societies alone and where these do not exist, efforts should immediately be made to form co-operative societies. In regard to marketing there are certain things for which export trade is necessary. I am referring in particular to mica, jute and lace. Some of these in Bihar enjoy the privilege of being exported to dollar countries. In any scheme of planning, so far as India is concerned, help from the dollar areas is always welcome. And we have been trying in Bihar to organise these mica and jute on co-operative lines and when this is done, I hope it would be a distinct step forward. But in a matter like this more than usual Government assistance is necessary to find out financial assistance. We do not know what kind of jute or lace can find ready market in foreign countries. Again we do not know the nature of processing those. These of course, cannot be expected from the co-operatives. We shall organise and try to give as much of these but great State aid is necessary for these. I request you to bear in mind that marketing, export and import and inter-State trading, cannot be carried on without requisite assistance from the Centre and I hope that will be forthcoming. With these words I have the honour to second the resolution.

President: I now put to vote the resolution para by para.

(All parts of the resolution were then put to vote by the President separately and were carried unanimously)

Adoption of Co-operative Movement to be the declared State Policy for Development and considering how far and to what extent the Co-operative Movement can help in implementing it

Sri P. J. Chinmulgund: I beg to move the resolution on subject No. 2. I read the resolution.

"This Congress urges upon the State and the Central Governments the necessity of carefully considering the suggestions and views of organised co-operative opinion before finally deciding policies in regard to economic development.

"Co-operators and the Co-operative Movement will fully co-operate with the State in conformity with co-operative principles in the implementation of the economic and developmental policies that may be finally decided upon by the State.

"The Co-operators in each State are requested to prepare a co-operative plan (within the frame-work of the overall State or National Plan) taking into consideration the state of development, resources and the strength of the co-operative movement and the State assistance required in their States, fixing as far as possible priorities for different schemes and items of work so that the co-operative movement can play its appropriate part in the economic development of the Nation adequately, efficiently and without loss of time."

I do not think I should explain this resolution. The idea behind is well-known to you. Let us hope that various Governments including the Central Government will no doubt consider this resolution carefully and accept our suggestions.

Sri T. S. Rajagopal Iyyengar: I whole heartedly support this resolution. This contains three parts. It is our misfortune that even after the National Government is established, our grievances are there. In matters governing economic development, either the Central Government or the State Governments do not take co-operators into their confidence. So first what we urge upon the Governments, both State and Central, is that in their policies and principles governing the development of the country, co-operators should be allowed to have their say. Secondly, in so far as their activities are concerned touching upon the co-operative movement, we will give all our help in furthering their activities. The third aspect is that we co-operators coming from the different States must have a co-operative plan giving priority to the things that require priority so that we may enter into the respective Governments and act as one with them. I whole heartedly support this resolution.

(The resolution was then put to vote by the President and was carried unanimously.)

Co-operative Farming

Sri K. Sarvothama Rao: I now move the resolution on 'Co-operative Farming-

1. "This Congress is of opinion that active and vigorous steps should be taken by the State and the Co-operative Movement to organise co-operative farming societies, wherever their formation is feasible and desirable.
2. "The Congress feels that it is impossible to prescribe any particular pattern of such societies for the country as a whole, but desires that in forming such societies, the cardinal principles of

co-operation, namely, voluntary membership, democratic management and equitable participation in the net surplus by the workers, should be prominently kept in view and implemented in actual practice.

- 3, "That right from the beginning the promoters of the societies should secure for the farming societies the necessary finance, technical skill and help and guidance from the several departments of Government and non-official agencies interested in the promotion of better farming, better business and better living.

I will explain one or two points on which there may be a difference of opinion. The first part of the resolution deals with voluntary membership. As I said, soon there will be a natural desire to form co-operative farming societies in all parts of the country; but you must remember that co-operation is always linked up with local association, local talent and local needs. Success can be ensured only where there is a desire on the part of the local people to form such societies. Hence membership must be voluntary and a real need must exist. The second part of the resolution is about the cardinal principles of co-operation, which are recognised all over the world. Voluntary membership is necessary. Supposing Government say that all people shall form producer and consumer societies. What will be the result? If merchants, brokers and all and sundry form co-operative stores, the result will be confusion worse confounded. So it must be on the Rockdale principle of voluntariness. Democratic management and equitable partnership are also important. The actual work of the man who toils should be recognised. Then there is the question of finance. Finance may be procured by the promoters of the societies through the Reserve Bank or through the central banks. Several Departments of the Governments should act in a co-ordinated fashion for this purpose. Then only, there will be success. Finally the societies should lead to Sir Horace Plunkett's ideal enunciated by him in Ireland on his return from America, viz. "better farming, better business and better living". The farming societies should keep these as their watchwords.

Sri N. Satyanarayana: While I second this resolution I say a few words. It is said that co-operative farming societies should be started not every where, but wherever feasible and desirable. Unless people come voluntarily, the farming societies cannot flourish. There should be no compulsion. Otherwise, it will be a thorough failure. Therefore, a note of caution is struck in the preamble itself that these societies must be formed in places where there is possibility of success and not in all places. Now a word about voluntary membership. The Report of the Planning Commission says that Collectors should take a prominent part in carrying out or in implementing the instructions given in the Report. You know the Collectors are very busy people in their own districts and they will simply entrust this work to their subordinates viz., Tahsildars and Revenue Inspectors. If the Collector desires that some villagers must join the farming or

the multipurpose society, the Tahsildar will go to the village, convene a meeting and force the villagers to become members. This sort of compulsion will create havoc. Further, it will not be useful for the success of the scheme. Educative propaganda should be carried on. The condition of democratic management is laid down with a view to see that the Collector or Government does not nominate his own members to carry on the scheme. The management should be done by the members themselves. Then equitable partnership. When these associations are formed, it is for the benefit of the workers, whether agricultural labourers, or tenants or landholders. The profits should be distributed according to the proportion of the contribution he makes. These are the three essential conditions for the success of the farming societies. Further all departmental heads should give these associations proper encouragement and help. Land, finance and workers—these three go to make up a farming society successful.

A Delegate from Bihar: One point regarding voluntary principle. Supposing 75 per cent of the people agree to the formation of a co-operative farming society and a microscopic minority stands in the way. May I know if it is not desirable to ask for enactment of legislation to compel minority to join such a society in public interest? Of course, an element of compulsion will have to be introduced in the scheme of the majority of the people. This is vital for the success of the society. I know of cases where one or two persons only used to stand in the way and all the efforts of the rest were of no use.

Sri S. Dixit (*Registrar of Co-operative Societies, U. P.*): I support the view put forward before you by my predecessor. We have got our experience in U. P. We have organised societies on voluntary principle. A number of cultivators owning lands in a particular area join the society. But our experience shows that everywhere there are always a few persons who either before joining the society or after joining the society start trouble and in actual practice, it is the primary men, say five per cent who manage to thwart the majority. It is very inconvenient to us. Our workers and labourers have to waste a considerable portion of their time in trying to keep those few persons within the fold. We are of opinion that we should proceed very cautiously since co-operative farming is in an experimental stage. We do not know how long it can run in different conditions. Where most of the people come forward to form a co-operative farming society, the co-operative principle should be adhered to. It will be good if Government enacts legislation to compel a small minority who stand away, to join the society and to carry on the cultivation and carry out the instructions of majority. This point should be considered if the experiment in co-operative farming is to be carried on properly on sound basis.

Sri Shah (*Bombay*): In Bombay, I give you an instance for crop protection. Formerly, even if a whole village joined to form a co-operative society and one or two persons stood aloof, the society could not be

formed. But now, in order to see that in the case of consumers' stores or multipurpose societies the whole scheme is not jeopardised if a few persons hold out when a big majority of persons join together for the purpose, a provision is inserted in the Co-operative Societies Act for the formation of such a society. The provision is that if 75 per cent of the persons concerning the scheme agree to work out the scheme and they hold 60 per cent of the lands involved in the scheme, then the society can be formed and the persons who do not agree to join as members should at the same time shoulder the responsibility in the subscription and contribution, etc. I think this can be applied to the farming societies also. In the case of farming societies where, whether the minority joins the majority or not, we find very important schemes can be sabotaged by a small minority consisting of even one. Co-operators should consider this aspect and adopt some such principle viz., if 75 per cent of the members owning 60 per cent of the land agree to form a society and the rest do not join, then the responsibility lies on the non-members.

Sri T. S. Rajagopal Iyyengar: We want clarification on two points: 1. Whether it should be on voluntary basis or whether at any stage there should be compulsion, 2. whether by compulsion or by willingness what is the exact type of co-operative farming that would suit the Indian genius. We do not want corporate farming or State farming or collective farming. Those are all unsuited to the Indian temperament and genius. What is exactly the type of farming we want? Why a new name be given as better farming and confuse the cultivators? Would we advocate better farming societies when there are multipurpose societies? You can have even joint farming societies. If you want co-operative tenant cultivation, then the ownership of the land would be with the societies. Tenants would be tenants only. At any rate, this is our experience in Mysore. The tenants are unwilling to work. If they are given lands, they must have ownership of the lands. So we must consider the exact type of farming that will suit us.

Sri Acharya: A good deal of thought and effort have been utilised. The whole of India have met together for this. If you want co-operative farming and production, here is a resolution. This is a very simple one. We start co-operative farming societies wherever it is possible and desirable only. Get money, get land and try. Should we not clearly and definitely say what Government should do for us? My submission is we all should convey some concrete suggestion to the Government. Mere starting societies will not do.

Sri J. C. Ryan: Mr. Chairman and Gentlemen: I wish to say one word about the question raised. In the Planning Committee on Co-operation, there is no definite conclusion on this point. Whether public interest is involved and if in public interest it is necessary to introduce some compulsion and to provide some percentage, say 60 per cent, if the minority stands in the way of forming co-operative farming societies—all this is to be

considered. Take for instance an area which is to be brought under cultivation or is being cultivated in fact. There are wild animals in the neighbourhood and they damage the crops. A rule is issued that all cultivable lands should be fenced to keep away the wild animals; else the whole village will be ruined. About 60 per cent of the villagers are in favour of fencing, but a small minority is against. In such a case, we should say it is in the public interest to enforce compulsion on the recalcitrant minority. Again another example. Sometimes you find tanks are silted and silt has to be removed if the tank is to get enough supply of water for irrigation or other purposes. 60 per cent of the people are in favour of removing the silt, but 40 per cent say 'No'. What is the result? Some portion of the land will remain uncultivated. It is in the public interest to bring all the lands under cultivation and, therefore, co-operation must be introduced compulsorily here. Public interests are satisfied in both these examples. But, in the case of co-operative farming, can we say that public interest requires compulsion? Supposing out of a community of 100, 60 per cent agree to form a co-operative farming society and cultivate the lands jointly, while the remaining 40 per cent say 'We won't'. This 40 per cent say that they do cultivation themselves, they do not leave the lands fallow and they are satisfied with the results. In such a case, could we say that in public interest they should be enforced? I doubt if this would be a proper thing. The 60 per cent may be interested in introducing tractor cultivation and in doing some other improvements. But the 40 per cent owning small pieces of land believe in old methods of cultivation which, in their view, will be much more useful than tractor cultivation. In such a case, can we introduce the public interest and force them to come down? I doubt this utility. You must also remember that there is law already, at any rate in Madras, called the Land Utilisation Act under which the Collectors are competent to seize lands which are left fallow for a prescribed number of years, say 2 or 3 years. If the Collector is satisfied that a particular piece of land is lying fallow without being cultivated because of absentee landlords or for any other reasons, under the Land Utilisation Act he can exercise his right to transfer it to some farming societies in the national interests of growing more food. This is the point of view I would like to place before you. I welcome the resolution, because it has been brought in the name of co-operation, though there is no public interest involved therein.

A Lady Delegate: What would be the general and uniform agency to take up the produce and to distribute the income of the collective farming? Whether co-operative societies can take up this work? Unless there is one uniform unit to take up for the whole of India, people cannot have faith and therefore produce cannot be taken up and income cannot be distributed. I feel there must be an uniform agency.

Sri K. Subrahmanyam (Jt. Registrar of Co-operative Societies, Madras): In my State, Government are usually giving lands free and loans

interest-free. No specific reference is made in the resolution as to what kind of help is necessary to promote the working of co-operative farming societies. So with the consent of the Mover, I propose to add one paragraph to the resolution. The need for liberal assistance is so obvious that you will, I hope, agree to the addition of the following paragraph.

"4. The State and Central Governments are requested to undertake the necessary reclamation of land, to provide irrigation and housing facilities and to give liberal financial and other assistance in order to ensure the success of co-operative farming".

Sri K. Sarvothama Rao : I accept this addition.

President : I am in general agreement.

Prof. P. N. Driver : I understand from the speeches that there is a large number of co-operators who want co-operative farming on voluntary basis. May I remind you we are playing with fire? We have to produce food enough for ourselves. According to the Commission we have to import 7 million tons of food. In the light of your experience, do you think voluntary co-operative farming can solve the food problem? In my opinion, it does not. In the resolution, there is no mention about this. That is why registered farming is mentioned in the Report. I feel we have not enough experience to evolve a resolution of this type at the present stage. Should we not institute a proper inquiry to find out the possibilities of getting enough food and to find out the degree of compulsion required and then pass this resolution? Some compulsion is absolutely essential. My suggestion is that the degree of compulsion and the method required should be the subjects of careful consideration. I commend them to the House because I feel if you are going to develop and depend on co-operative farming purely on voluntary lines, we shall not be able to solve the food problem.

President : We have discussed this subject sufficiently. I now ask Sri Sarvothama Rao to reply.

Sri K. Sarvothama Rao : This subject of compulsion in co-operation came in vogue about the year 1930 and Australia is the first country to adopt this. If 50 per cent of the producers join together then a market can be set up for dairy products. Compulsion in co-operation has been known to us only where marketing also plays its part. We cannot say, as Mr. Ryan said, that we can make every man join, whether willing or not. We must have farming societies. I dare say the best way of making the co-operative farming societies most unpopular is by compulsion. By and large, the farming societies should be formed on voluntary basis. After their formation certain things are to be done on joint basis. Unless all join, they cannot work well. Within the framework of such societies, a kind of opinion is to be formed which will make the societies work on joint cultivation basis. But that is not compulsory co-operation. To the query of the lady delegate, I should say that in the initial stages, either

marketing or sale societies would sell the produce. Co-operators all over the world should adhere to the voluntary principle. Regimentation and compulsory co-operation are not our ethics.

President : We have discussed the subject clearly. I would like to say that we may ask for a Committee to make further study of this subject. With the present knowledge available, anyone including the experts, is not able to make a pronouncement on this subject. I hope, so far as the resolution is worded, it is not capable of rousing any opposition. I put the resolution as moved by Sri Sarvothama Rao with the addition of one paragraph to vote.

(The resolution was carried by a majority with 12 dissidents.)

Formation of a National Union of Farmers

President : I request Mr. T. S. Rajagopal Iyyengar to move the resolution on 'Formation of a National Union of Farmers' sponsored by Sri Munshi.

Sri T. S. Rajagopal Iyyengar : The resolution is very clear. We are not trying to organise anything. We are not starting any rival organisation to the Indian Co-operative Union. What the resolution says is and what the Hon'ble Minister suggested in his inaugural address was that in any economic planning, there ought to be given top priority to food production. Agriculture and horticulture form part of food production. The other sources of food supply are animals, fish, etc. We are not concerned with them just now. We are concerned with how to increase agricultural production. Due to fragmentation, there are small holdings and tenant cultivation is not possible with the result we are not having as much food as otherwise can be produced. What to do? This is to be considered by us. It is a national question and involves so many interests. In the co-operative field, we are interested in agricultural co-operation. But all agriculturists are not in the co-operative movement. Hence let this Congress take the initiative in calling for a conference not only of the co-operators but representatives of manufacturers and representatives of experts so that all of them may think over the subject and suggest to us what best should be done in the matter. We authorise the Executive Committee of the Indian Co-operative Union to call for a big conference so that they may all put their heads together and suggest ways to solve the national problem.

Capt. Dalip Mansingh : I second this. There is no controversy about this. You heard Mr. Munshi with what intention he wanted to have this union of farmers. Our resolution is innocent. We do not want anything to work against co-operative societies in management and guidance. So I do not think there is any harm in passing this resolution.

Sri D. Mahalingam (Madras) : We have met here under the constitution of the Indian Co-operative Union and I fail to perceive whether the resolution which our friend has moved just a few minutes ago would

come strictly under the objects envisaged by the constitution of the Indian Co-operative Union. I am sure every one of you will preface agree that if we try to bring this resolution, it can come only under three objects mentioned in our constitution. Legally or otherwise, I fail to see whether it can come under those three objects. It is not too much to say that, fortunately or unfortunately, having had the benefits of the Congress, we are trying to divert to various points not perfectly allotted to co-operation. As co-operators, are we to-day in any manner concerned to start, initiate, encourage or foster any other institution? We are here solely for considering the co-operative movement in general and the varied aspects of the co-operative movement. But this resolution wants us as co-operators to call for a conference of all bodies intended to do a particular thing. Is not the State efficient to do it? Sri Munshi has asked us to do it? How far we as co-operators concerned with this? I feel, we are wasting our precious time in discussing subjects which are not our concern. (hear, hear). Is this the purpose for which we are here? Is the First Indian Co-operative Congress intended for this?

Sri Satgur Prasad Chaudhuri: The resolution is an innocent one. The previous speaker said that this does not come under the constitution of the Indian Co-operative Union. But I say it does come. In the F.A.O. there are many departments such as agriculture, co-operation. In the same way, the Indian Co-operative Union is being requested by the Congress to see to the betterment of the farmers. The Indian Co-operative Union can set up an executive committee to arrange for a convention in which all the aspects of the farmers can be considered. If the Indian Co-operative Union convenes a conference of certain persons where all the aspects of the farmers can be discussed, there is no harm. It is also technically not wrong.

Nawab Mir Akbar Ali Khan (Hyderabad): It stands to reason that while we are dealing with matters relating to co-operation we have to do so many other things. Some of you ask why we should talk about things that do not come directly within our movement. But, in the new set-up, we want the co-operative movement to acquire greater strength from the people, greater sympathy from the people and thus widen the scope of our activities. The criterion before us is that if there is anything against definite principles or canons of co-operation, then certainly it should not be and we have to go a little cautious. To-day we need to help the country from the turmoil of the food position and any step to be taken by us will be to improve the situation of the food problem. I think it is the duty not only of every body but especially of those who call themselves co-operators to get in and stand by the poor and to increase the chances of the food production programme. So I think, rightly, this suggestion is before you to convene a conference of all elements. The proposal is very clear. We are not, as it was understood yesterday, a private organisation. We are not doing anything which would create difficulties in our co-operative activities. What we intend to do is, as we all know, to help the food production and thus

bring all our activities into more vigour. Someone raised a technical objection that it does not come within the four corners of the constitution of the Indian Co-operative Union. The Co-operative Union is different from the Congress. This is a matter of feeling (hear, hear). I say it does come within one of the objects of the Congress. I very much support the resolution and would commend it for your acceptance.

Sri T. S. Rajagopal Iyyengar: My friend said that it did not come within the purview of the constitution of the Union. I just read a line from the constitution: "To carry information to the public." People are expecting aid from us. They expect a resolution from this Congress to suggest some solution. Is it not upto us to convene a conference of all people concerned with agricultural production to go into the question and find out a solution? We are now in a national crisis. I would, therefore, commend this resolution for your acceptance.

President: The subject is discussed. Before you vote on this resolution you must consider one or two things. Whether the Indian Co-operative Union is competent and has the capacity to call a conference of this dimensions? Supposing you ask to call a conference. How are you going to collect material? The idea of Mr. Munshi is a sound one in the interest of the Nation. Whether the farmers should themselves organise is a question I leave to you to decide. Should we take a lead to call a convention?

(The question was put to vote. As the House was equally divided the matter was dropped.)

Organisational Aspects of the Co-operative Movement

Capt. Dalip Mansingh moved the following resolutions:

(i) Central and State Co-operative Councils:

With a view to co-ordinate co-operative activity all over the country and the evolution of co-operative thought and policy on uniform lines, this Congress urges the Government of India and the State Governments to take into early consideration the Report of the Sub-Committee on Co-operation submitted to it in 1949 and in particular to take steps for the establishment of a Central Co-operative Council as well as State Co-operative Councils on the lines recommended in that Report.

(ii) Separate Ministries for Co-operation:

As Co-operative Commonwealth is the declared ideal of the Indian Union and the Co-operative Movement has made considerable progress throughout the country of late, and has been taking genuine interest in improving the moral, social and economic condition of the masses and its different activities are constantly increasing, it is resolved that there should be a separate Ministry for Co-operation at the Centre as well as in all the States.

(iii) Honorary Services :

While appreciating the splendid work done by non-official workers in the Co-operative Movement of this country in a selfless and missionary spirit, this Congress is of opinion that some sort of honorarium or remuneration be paid to those workers who devote a considerable portion of their time in the day-to-day office and administrative work of co-operative institutions of different kinds.

(iv) De-officialisation :

This Congress is strongly of opinion that the time has come, when a clear indication should be given that a policy of progressive deofficialisation would be actively followed and that some concrete beginnings should be made in that behalf as soon as possible.

This Congress recommends that Registrars be instructed to select co-operative societies under them which have been conspicuously successful for a fairly long period, whether in rural areas or urban areas, and to exempt them from various provisions of the Co-operative Act and secure to them unrestrained freedom to manage their own affairs, the Registrar retaining the power of occasional audit and inspection so as to satisfy himself about their continued efficiency. Such lists of societies may of course be revised, enlarged or curtailed, from time to time, according to the rules framed in that behalf.

(Part (i) was put to vote and carried by a large majority.)

Sri V. P. Varde: As regards separate Ministries, on one platform, we say that the Government should curtail its expenditure. Now we say here that we must have a separate Ministry for Co-operation. In the Centre, I feel it is not necessary. One Minister can be in charge of a number of portfolios. With regard to States, it is purely a provincial subject and here, too, there is no need for any separate Ministry.

(Part (ii) was then put to vote and declared defeated by an overwhelming majority.)

Sri V.P. Varde: I say a word about honorary workers. In a country like ours, which is poor, where the Movement serves the poor and the weak, it is upto us to educate the masses freely. It is absolutely wrong to ask the Congress to pass a resolution to pay the honorary workers. Such organisations as can afford to pay, may pay them. It is not necessary to pass a resolution of this type. It is an insult to the honorary workers.

President: In view of what Mr. Varde has said, we do not press this resolution (part iii). (The House agreed.)

Sri V.P. Varde: Now about de-officialisation. I was once for de-officialisation in a way. Now times have changed. The point is every one now is a public servant. Whether official or non-official—both are servants of the public. In the co-operative field, they are servants of the public. Asking for de-officialisation now especially is not correct. Secondly, what

is de-officialisation? If the societies are managed well, there is no point in this. Whether officials or non-officials—all are one. The officials are no longer servants of the Department, but of the public. So the question of de-officialisation does not arise.

A Delegate: I am not anxious to get into argument, but I do feel, when you consider this resolution, we should consider it in the perspective of the whole of India. It may be in Bombay or may be in Rajasthan de-officialisation is not necessary. It is true times have changed and we are now in Free India. Whether he is a government servant or any other, that feeling is not there. To that extent I entirely agree. We should not have that angle with the officials as if they are different from non-officials. Still, those who have got experience of working of our institutions cannot deny that we have too much of officialdom, too much of red-tapism and too much of interference on behalf of the persons who are in office. So I think in the changed democratic set up, it is highly necessary. I cannot go into the details nor is it desirable that I should do. We should think over and every government should think over that. In the new democratic set up, we can have official interference in the free activities of our institutions without affecting the efficiency of these institutions. I commend this resolution for your acceptance.

Sri D. Mahalingam: I think officials should be there. We want their help to guide us and to supervise the movement for the time being. But the fact remains that there is a certain red-tapism. It is upto us to get rid of the officialdom from the movement.

Sri T. S. Rajagopal Iyyengar: The portion which suggests that the Registrar should have power to exempt societies be deleted. But we do want deofficialisation. Mr. Varde said that in the new set-up deofficialisation does not come in, all are one and the officials are our own people. If we accept this, we are only befooling our democratic movement. We want progressive deofficialisation.

President: We must apply closure now. We have not got the time to discuss further. So let us drop the matter, not because we are not competent to deal with the subject but because we have no time.

Sri Mahalingam: We are thankful to the President. (Applause.)

(The subject was dropped without any further discussion).

The President, Sri R. G. Saraiya, in his concluding remarks, spoke as follows:

Friends:

I was hoping that we could now request the fraternal delegates to give us the benefit of their advice, but, unfortunately, they are not in their seats. Now, we have discussed practically all the subjects on our agenda. The subject of "State Trading" has been embodied in the subject of resolution

on "Place of Co-operation in the First Five-Year Plan" and, therefore, Prof. Driver who was the sponsor of this subject thought it was not necessary to have a separate resolution. Apart from that, there is no more time to discuss that. Therefore, our deliberations have ended. I would like to make a few remarks in conclusion.

First of all, I am thankful to you most cordially for the splendid support and co-operation you have shown in tolerating our weaknesses in conducting this Congress, particularly for the co-operation which you have given me in conducting this Congress under certain difficult circumstances. The difficult circumstances were that there was not the usual procedure of a Subjects Committee for discussing the points threadbare overnight and working out resolutions for the Full Congress. Instead of Subjects Committees, you had had these Auxiliary Conferences. That is the idea which has been imparted to our President from the experience of the Congress of the Co-operative Alliance which meets abroad. The idea of having auxiliary conferences was more that there should be discussion on several subjects so that members could exchange information, could exchange experience and not so much that the views and opinions of members should be embodied in the resolutions. However, we have discussed these subjects in the eight auxiliary conferences that took place and some of the Chairmen of these conferences have submitted a short resume of what took place in their respective conferences. I have received a statement from Mr. Ryan who presided over 'Cottage Industries' and also from Mr. J. A. Madan as Chairman of 'Education and Training'. So far as Banking is concerned, I have prepared a short synopsis and you have got copies of the same with you. These are not exact proceedings, but an attempt has been made to have a short summary. The procedure to be followed in conducting the auxiliary conferences will have to be laid down in future so that difficulties may not be repeated in future. I must point out that in an All-India Congress like this you cannot pass resolutions which cover every aspect, every State and every experience which every co-operator has got. But, what we can do is to follow certain general principles and arrive at broad decisions which may affect the all-India policy. We have tried to do this in some of the resolutions to-day. I think the resolution on "Planning Commission" is an example in point. Here, the future economy of India is going to be governed by the decisions of the Planning Commission and we, as Co-operators assembled in this Congress, have tried to express our views on the subject and we hope and trust that the Planning Commission will take due notice of these. We have also passed a resolution on "Co-operative Principles" which Mr. Chinmulgund has prepared, so that we may not be found wanting in our wisdom when the State wants us to take some responsibility. Apart from these resolutions, I think we have learnt a good deal from one another while discussing "Co-operative Farming", though not complete and exhaustive as pointed out by Prof. Driver. This has been approved in the

sense that we have got the experience of the working of Madras and Bombay and also the benefit of discussions of Mr. Sarvottama Rao, Chief Officer, Agricultural Credit Department, Reserve Bank of India.

A good deal is owing by all of us to the Reserve Bank of India not only for the financial assistance which it gives but also for the assistance and co-operation it gives us in all other directions. For example, I would like you to bear in mind that the Report of the Co-operative Planning Committee of which I had the privilege of being the Chairman, would not have been completed but for the assistance which I got from the Reserve Bank of India, particularly from the late Mr. Wajahat Hussain who was then the Deputy Governor. I remember at the last meeting of the Joint Conference of the Registrars held in Bombay, it was the Reserve Bank which produced very useful notes on every subject and it was the real basis on which recommendations of the Planning Committee were made. The same spirit is followed here by the Officers of the Reserve Bank of India and, therefore, I think that although we may ask for more from them, more money, more guidance, more advice, we should not forget that the spirit of co-operation has now completely permeated the Agricultural Credit Department and the Governors of the Reserve Bank of India. I do not propose to move a formal vote of thanks. I would like to make a reference to the Government of India and the Planning Commission for having co-operated with us and for sending their Officers to us to-day. We have got the benefit of the presence of the Registrars of Co-operative Societies and Officers of all States who are now an integral part of this Congress. (Applause.) I believe it will be of great value to the Co-operative Movement on the one hand and the State Governments on the other, and also to the Government of India in preparing and shaping their policies.

Before concluding, I should like to inform the House that we have received a message from Diwan Bahadur Kaji. I think you will all agree that we should put on record the services of Diwan Bahadur Kaji who is the President of the Union. Before I put this resolution to you, the message I have received for you will be read in a few minutes.

Now, I request the fraternal delegates to speak to us on the basis of what they have heard from us and what they think best for the future of the co-operative movement in this country.

Mr. W. P. Watkins: Mr. Chairman, Co-operative Friends: I have found it easy to accept your kind invitation. Frankly, I do not know, I shall not know what I do really think about this Congress. What I do feel now, after having listened to the discussions of this Congress during these three days, is that the Indian Co-operative Movement possesses quite a good measure of enthusiasm, so much of enthusiasm that I hope its unofficial members and official ones are some exceedingly capable and some exceedingly knowledgeable people. Perhaps, a piece of advice I can give you, and it is this. While you keep your eye on the distant aim,

the most distant goal which you hope to reach, do not forget to look back while putting your next step and I had that feeling when reading the long resolutions which you have adopted this morning. One or two immediate steps you could have taken without discussion at all in this Congress and actually delaying the things. Most of your resolutions apply a good deal of responsibility not merely to India but to the western world. The chief obstacle to the expansion of the co-operative effort and to the expansion of co-operative enterprise is not that people do not understand co-operation. Many understand very well its essential principles. But, capacity to read and write and to do simple arithmetic is very essential for the modern co-operative societies. In other words, the big obstacle which you have got to get over is the obstacle of illiteracy. The progress of the movement depends not entirely on your own efforts which you put direct but on the extent to which you collaborate with the others in general life. At the same time, you will have plenty of obstacles and enormous difficulties here to walk over; but I am sure if you have the courage and determination, you can easily overcome all your difficulties. I wish you good luck and god-speed in your efforts. Thank you.

Mr. R. N. Henry : Mr. President and Delegates: I am not going to take up very much of your time. I would speak on one main aspect of F.A.O. It can be considered as one large international community. We have 70 members. They have joined together. They can contribute to the working capital of the Organisation. Each nation has one vote. They have a general meeting of the Board to elect councils, superintendents and Directors and they work on the principle "Each for all and all for each". And it is a very interesting experiment in international co-operation. I want big countries to contribute more and the money of the big people not to go to waste. Therefore, I should mention this particular aspect of the F.A.O.

Now, there is something about my impressions. I must say that the first I have met in India are the co-operators and delegates to this Congress and the cross-section of India. My first impression of India is a very good one. My first impression about the people is that they are very cheerful, agreeable, kind and patient. The other day, I went with my fellow-co-operators—some of them are present here—on sight-seeing in a co-operative ship. There, in spite of some trouble in the boat, I noticed three of the fellow-co-operators showing their marked spirit of cheerfulness and patience, though driven out of their legs. (Applause.) I do not propose here to venture to give any advice. If you allow me, I would attempt at one. In my younger days, I spent my time in educating co-operators. I remember that while a child grows up, first of all it gets some experience, entirely depending on others. Then, as it grows more and more, it gathers more and more experience. This experience springs up and up as the child grows quickly. Then, in a few years, this springing up of experience envelops the whole aspect of the child. Well, I think this analogy applies

equally to the co-operative movement. Every movement and every society has got experience and requires all help from others. It is not so much to see or say what should be the nature of the co-operative movement in India today. But I can see that you are perhaps on the springing up theory. In that consolidation of experience, the principle should be "education and more education", so that gradually your 25 million members may become 25 million co-operators. I thank you, Mr. President and all my friends for treating me kindly during my short visit to India and this is not the last; I hope I may be back here again during the course of my visit to some other country.

President : I now ask Mr. Dalip Mansingh to read the message of Prof. Kaji to the Congress.

Catp. Dalip Mansingh : I am reading the message of Diwan Bahadur Kaji to the Congress :

"In the concluding remarks the President is expected to give a brief resume of the discussions and proceedings of the Congress with some comments here and there. I, however, have not been able to attend the Congress Sessions on Tuesday and today. It would be therefore definitely wrong for me to pretend to make such a survey. From what I hear, the proceedings have been smooth and have been characterised by co-operation from you—friends—to the Chair. I am glad our First Session ends in a tone of optimism and success.

"Before we part, I beg to announce to you my desire to be relieved of the Presidentship of the Union and the Congress. I do not consider it honest to the Institution which I have loved to persist in continuing to be its President and practically keeping it dormant due to my prolonged ill health. I see no prospects of my early return to anything like normality and I must apologise to you friends for my apparent desertion at a time when it has started on a career of greater importance and greater service to the country. I bid you farewell and I bid farewell to the Indian Co-operative Union. I give them my blessings and say 'Fare Thee Well'."

President : In the fitness of things, in reply to the message of Diwan Bahadur Kaji, we should place on record our appreciation of his services to the Co-operative Movement during the last 30 years when he has shaped the co-operative movement in one way or the other. So I move the resolution from the Chair.

In Appreciation of the Services of Prof. H.L. Kaji.

"This Congress places on record its appreciation of the great and valuable services rendered by Sri H. L. Kaji to the Co-operative Movement in general and to India in particular, in more than one capacity. His contribution to the Co-operative Movement will be of immense help to the future progress of the Movement. The Congress hopes that Prof. H.L. Kaji will recover very soon from

his illness and continue to give the co-operative workers the benefit of his knowledge, experience and guidance."

(The resolution was carried with applause.)

Sri K. Sarvothama Rao : On behalf of the Reserve Bank of India, I wish to thank you, Sir, for the kind words that you have spoken about the relations that subsist between the Reserve Bank of India and the Co-operative Movement. The Reserve Bank, Gentlemen, you know, is nationalised today and is existing for the whole of the country. When I think of agricultural credit, I think of places like Travancore, Assam, Orissa, Saurashtra, U. P. and every other part of the country. All these have a right to expect help from the Reserve Bank. Whenever they seek,—we do not boast—we do give some kind of advice. I want to tell this to the Congress, especially for the speeches so well made about the Reserve Bank, and I wish every success to the Co-operative Movement in this country.

Shri N. Satyanarayana : Mr. Chairman and Brother Delegates : On behalf of the delegates of the First Indian Co-operative Congress, it is my pleasant duty to thank the Reception Committee for the excellent arrangements they have made for this Congress and for the Auxiliary Conferences and for looking to the welfare of all of us.

Sir Janardan Madan : On behalf of the Reception Committee, I thank you all heartily. I hope you will come to us again for subsequent conferences. Thank you very much.

Sri B. J. Patel (Secretary, Indian Co-operative Union) : We must thank Shri R. G. Saraiya, the President, who actually conducted the Congress. So I am proposing, on behalf of the House, a vote of thanks to him.

(The motion was carried with applause.)

President : Gentlemen : I must thank you for the vote of thanks and for the way in which you have assisted me in conducting this Congress.

We have now received invitations for the next Congress from (1) Hyderabad ; (2) Bihar ; and (3) Uttar Pradesh. The Executive Committee of the Union will consider these. I just wanted to tell you that we have received three invitations. But, I can assure you that the next Congress will not be in Bombay. The Congress is now adjourned.

RESOLUTIONS PASSED AT THE FIRST INDIAN CO-OPERATIVE CONGRESS

Held at Sir Cawasji Jehangir Hall, Bombay from 25th to 27th February 1952.

I. On the death of Sri T. A. Ramalingam Chettiar

" This Congress puts on record its deep sense of sorrow at the sudden death of Sri T. A. Ramalingam Chettiar and its sense of appreciation of the very good work he has done for the Co-operative Movement, not only in Madras but in India generally, as the Vice-President of the Indian Co-operative Union as also in Parliament, of which he was a distinguished member."

2. Place of Co-operation in the "First Five-Year Plan"

1. " While appreciating the fact that the use of the Co-operative Movement has been advocated by the Planning Commission in connection with a number of economic activities, particularly those relating to agriculture and rural development, the Congress regrets to find that the Commission has not specifically adopted the principle of giving first preference to co-operative institutions in formulating and implementing its programme of reorganisation and development. Co-operation has a very much wider role to play in the working of the plan than has been specified in the Commission's draft outline.
2. " State assistance to individuals should be made available through Co-operative agencies only. The draft outline, while enunciating this principle, appears to make this a function of the Village Production Councils also of which the panchayat executives, where they exist, will be the nucleus. In the opinion of the Congress, wherever co-operative societies exist, these should be the exclusive channels of economic contact between the State and the people. It is all the more necessary specifically to emphasise this aspect, as in the past, Government have been neglectful in favouring co-operative channels even to the extent to which governmental declarations of policy have seemed to favour them.
3. " Marketing and Trading as far as possible at all stages should be organised on a co-operative basis.
4. " The Consumers' Co-operative Movement should form an important part of a scheme of planned distribution.
5. " The proposal of the Planning Commission to recognise registered farms without limit of size, opens out a prospect of subsidised capitalistic farming which will prove inimical not only to

the progress of co-operative farming, but also to the realisation of the social objectives of the plan. While for increasing the size of the holding, the co-operative method should be energetically pursued, the immediate need to help the small holder to the maximum possible extent to improve his production should not be overlooked. In any case nothing should be done to favour, or even to acknowledge, capitalistic farming as an instrument of agricultural planning.

6. "The prospect of organising processing industries using raw materials locally produced, on a co-operative basis should be fully explored.
7. "Cottage and small-scale industries must be fitted into the overall plan of industrialisation by creating a defined field for their operation.
8. "An estimate of financial needs of schemes of co-operative expansion and an indication of the resources—private and public—from which they are to be met should form a necessary part of the plan. Unless the entire system of credit operating in the country, including the State, the Reserve Bank, the Imperial Bank and the co-operative banks, is treated on an integrated basis for meeting the requirements of the national plan, both planning and execution are bound to become diffused, risky and ineffective.
9. "The agency of co-operative institutions should be used on the widest possible scale for the construction and maintenance of public works especially those of local use.
10. "The Congress welcomes the idea of selecting for intensive development along co-operative lines suitable areas in several States and urges that in all these areas co-operative methods of organisation should be used. In areas thus selected for intensive development all legitimate governmental assistance should be made available for the working of the plans of development, and the local bodies and institutions concerned should be given powers to direct the employment of land and labour into defined channels, provided they take this decision by a very large majority. In the permissive legislation that will have to be passed for this purpose, suitable safeguards against arbitrary use of this power should be provided.
11. "The Congress requests the Executive Committee, if necessary through a sub-committee with co-opted members, to keep the progress of planning under continuous observation and study, and to convey to the Planning Commission both general and detailed suggestions as occasion may arise."

3. Adoption of Co-operative Movement to be the declared State Policy for Development and considering how far and to what extent the Co-operative Movement can help in implementing it

- "This Congress urges upon the State and the Central Governments the necessity of carefully considering the suggestions and views of organised co-operative opinion before finally deciding policies in regard to economic development.
- "Co-operators and the Co-operative Movement will fully co-operate with the State in conformity with co-operative principles in the implementation of the economic and developmental policies that may be finally decided upon by the State.
- "The Co-operators in each State are requested to prepare a co-operative plan (within the frame-work of the overall State or National Plan) taking into consideration the state of development, resources and the strength of the co-operative movement and the State assistance required in their States, fixing as far as possible priorities for different schemes and items of work so that the co-operative movement can play its appropriate part in the economic development of the Nation adequately, efficiently and without loss of time."

4. Co-operative Farming

1. "This Congress is of opinion that active and vigorous steps should be taken by the State and the Co-operative Movement to organise co-operative farming societies, wherever their formation is feasible and desirable.
2. "The Congress feels that it is impossible to prescribe any particular pattern of such societies for the country as a whole, but desires that in forming such societies, the cardinal principles of co-operation, namely, voluntary membership, democratic management and equitable participation in the net surplus by the workers, should be prominently kept in view and implemented in actual practice."
3. "That right from the beginning the promoters of the societies should secure for the farming societies the necessary finance, technical skill and help and guidance from the several departments of Government and non-official agencies interested in the promotion of better farming, better business and better living.
4. "The State and Central Governments are requested to undertake the necessary reclamation of land, to provide irrigation and housing facilities and to give liberal financial and other assistance in order to ensure the success of co-operative farming."

5. Central and State Co-operative Councils

With a view to co-ordinate co-operative activity all over the country and the evolution of co-operative thought and policy on uniform lines, this Congress urges the Government of India and the State Governments to take into early consideration the Report of the Sub-Committee on Co-operation submitted to it in 1949 and in particular to take steps for the establishment of a Central Co-operative Council as well as State Co-operative Councils on the lines recommended in that Report.

6. In Appreciation of the Services of Prof. H.L. Kaji

"This Congress places on record its appreciation of the great and valuable services rendered by Sri H. L. Kaji to the Co-operative Movement in general and to India in particular, in more than one capacity. His contribution to the Co-operative Movement will be of immense help to the future progress of the Movement. The Congress hopes that Prof. H.L. Kaji will recover very soon from his illness and continue to give the co-operative workers the benefit of his knowledge, experience and guidance."

REPORTS OF AUXILIARY CONFERENCES OF THE FIRST INDIAN CO-OPERATIVE CONGRESS HOUSING CONFERENCE

Held at Council Hall, Bombay, on the 20th February 1952 at 11 a.m.

The Auxiliary Conference on Co-operative Housing was held on Thursday, 20th February 1952, under the Chairmanship of Sri T. S. Rajagopal Iyyengar, M.A., L.L.B. Sri G. H. Thakore was the Secretary.

1. The President, in his opening remarks, said: Housing comes only next in importance to food and education in priorities in Planning. Housing must be regarded as one of the most important of the public utility and social services, which will have to be attended to as an integral part of the National Plan. Among other things, the matters to be considered are (i) the nature of the problem, (ii) the agency—national, provincial, local or private—to provide housing, (iii) the provision of materials and site, (iv) Town planning, (v) Finance, (vi) what is the type of housing that Co-operation could undertake, and from where to get money, (vii) any other questions connected therewith.

2. Members heard with interest the views of the Registrars of Madras and Bombay with regard to the progress made in their respective States.

Sri J. C. Ryan, Registrar of Co-operative Societies in Madras, said that there were 293 Co-operative Housing Societies in Madras including two Townships. Government had lent over 80 lakhs of rupees for this purpose, repayable in 20 years at comparatively cheap rate of interest. A special Land Acquisition Officer was attached to the Registrar of Co-operative Societies to expedite the acquisition of lands for Co-operative Housing Schemes. A special quota of iron, steel, pipes and tubes was allotted each quarter and placed at his disposal. Cement and coal also were supplied on a priority basis. Timber was supplied at concessional rates. Government also spared the services of Engineers and Supervisors from the P.W.D. on foreign service terms. He instanced the two cases of Gandhinagar and the Venkateshapuram Colony sponsored by the Madras Co-operative House Construction Society Ltd.

The Bombay Registrar said that there were 857 Housing Societies in Bombay with a share capital of Rs. 1,70,07,308 and a working capital of over seven crores. The borrowings for purpose of construction exceeded six crores and in 1950-51 alone the number of tenements constructed exceeded 6,000. He said that there were many concessions given by the Government in this behalf. The houses that were built were mainly of the Co-partnership Tenancy type.

3. It was urged by the Conference: (i) That the Central Government and State Governments should give aid in the shape of subsidies and

guarantees. It was also felt that State Governments and the Reserve Bank should provide cheap finance at all stages. Provision must be made in the Reserve Bank Act for long term credit. Debentures should be raised by the Societies on the guarantee of the State, and the State and the Reserve Bank should purchase part of the debentures.

(ii) The Municipalities and other local bodies should give their, full attention in respect of promotion of housing activities. The Trust Boards and Municipalities should sell sites to the societies at cost price and not make a profit out of it by auctioning them. All amenities and services must be provided before such sale.

(iii) Insurance Act to be so amended as to permit Insurance Companies either to float "house purchase insurance schemes" or to lend money to Housing Societies.

(iv) It was also urged that iron, steel, cement and other controlled materials must be given on a priority basis; timber to be given at a concessional rate.

(v) Exemption from all taxes to be claimed in the beginning.

4. Some discussion took place as to the type of houses that should be undertaken and built by the societies—whether co-partnership tenancy type or the individualistic type. Though in Bombay, the co-partnership tenancy type was in vogue, it was the opinion of the House to leave such details to the societies concerned, but stress was however laid on the co-partnership type.

5. Whether it was not necessary to have a Central Housing Corporation in each State was next discussed.

6. The conference called upon the Central as well as the State Governments to form separate ministries for Housing.

ADMINISTRATION CONFERENCE

Held at Council Hall, Bombay on the 20th, February 1952 at 3 p.m.

The auxiliary Conference on "Administration" was held on the 20th February 1952, from 3 p.m. to 6 p.m. Sri P. J. Chinmugund, Registrar of Co-operative Societies, Bombay, Presided. Sri V. Subramanian acted as Secretary.

2. In his preface remarks, the Chairman explained that whereas in the old days, there used to be two Conferences, one of the Registrars and the other of the non-officials, in accordance with the decision recently taken this is the First Joint Conference in which Registrars and non-official co-operators are meeting, the idea of having Auxiliary Conferences on various subjects along with the main Congress of Co-operators in India was proposed by the Bombay Provincial Co-operative Institute. This would

enable two categories of problems to be discussed, one in the open session of the Congress and the other in the auxiliary conferences on the different subjects.

3. There was a lengthy discussion as to whether the Auxiliary Conference should pass formal resolutions for discussion and acceptance by the open session of the Congress or whether as desired by the President of the Indian Co-operative Union, Auxiliary Conference should confine itself to discussion of points of general importance. In the latter case, the sense of the Conference would be reported to the Indian Co-operative Union for taking further action on the views expressed by the Conference on various matters. As it was felt that the deliberations of the Conference would not have achieved any object or served any useful purpose unless certain decisions were taken by the Conference on the matters discussed, it was ultimately decided that the Conference may pass resolutions on the subjects discussed by it and the resolutions should be sent to the executive committee of the Indian Co-operative Union for taking further action thereon. In any case a brief report on the discussions, etc., at the Auxiliary Conference should be sent to the main Congress.

Item No. 1. Use of non-officials and non-official agencies in the matter of organisation of co-operative institutions.

In respect of organisation of societies, and the question of using non-officials and non-official agencies, for the purpose, the practice differed from State to State. In Bombay State, as the Chairman explained there were honorary organisers in districts and talukas who assisted in the organisation of co-operative societies and were of great use in their administration as well as in the removal of difficulties facing these societies. The non-official agencies had to be used to an increasing extent as the movement had expanded considerably and it was not possible for the officials alone to organise co-operative societies by themselves. In Madras State, on the other hand, the practice was for the Madras Central Co-operative Bank to assist in the organisation of Rural credit societies, but in the case of non-credit institutions, the chief agency for their organisation was the Department itself, though co-operation and assistance from the non-official agencies was welcomed and encouraged. There were, however, certain difficulties in the utilization of non-officials and non-official agencies for the organisation of co-operative societies in the newer States. Among them were the difficulty of finding an adequate number of trained personnel and social workers, lack of an incentive to non-official agencies to organise co-operative societies and departmental delays in the matter of registration of such societies. At the same time, it was the feeling of the delegates that full use should be made of non-officials and non-official agencies for the organisation of co-operative societies with a view to spreading the movement and improving the administration of the societies. After consideration of all the difficulties, the following resolution was passed :

Resolution: This Conference is of the opinion that the maximum possible use should be made of non-officials and non-official agencies in the matter of organisation of co-operative institutions and that in order to obtain the co-operation and assistance of non-officials and non-official agencies, they should be provided with adequate facilities such as bearing of out-of-pocket expenses, grant of Travelling Allowance and the like.

Item No. 2. How to avoid competition between co-operative societies and capitalists?

Item No. 3. How to save co-operatives from party-politics?

Item No. 4. How to encounter the difficulties created by the development of vested interests within the co-operative movement?

These three items were taken together as they all concerned the question of keeping the co-operative movement free from non-co-operative elements on non-co-operative influences whether they were vested interests and capitalists on the one hand or party-politics on the other. Opinion was unanimous on the point that the co-operative movement should not be used as a hand-maid of vested interests, party-politics or capitalism. A few delegates felt that as in certain European countries, where parties were organised on the basis of economic principles, here in India too, the co-operative movement should organise itself into a separate party on the basis of economic principles and programmes and capture power for the administration of the State according to co-operative principles and policies. Some of the representatives of the States also indicated that so far as their States were concerned, the co-operative movement was practically completely free from those alien elements and influences. After a general discussion on this subject, the following resolution was passed:

Resolution: This Conference is of the opinion that the co-operative movement should be kept aloof from vested interests, party politics and capitalists. The Conference further recommends that co-operators should not allow their party or other loyalties to affect the working and administration of the co-operative movement of which they are a part.

Item No. 5. Land Mortgage banks should be set up in each district

The Registrar of Co-operative Societies, West Bengal, in speaking on this item gave the Conference to understand that in West Bengal the demand of the Co-operative Department for the setting up of Land Mortgage Banks in each district was not being sympathetically considered. During the course of the discussion on this subject, it was pointed out by certain delegates that before considering the feasibility of establishing Land Mortgage Banks in States, a full and detailed investigation of the rural economy as well as land tenures was necessary. After a detailed discussion on this subject, the following resolution was passed:

Resolution: This Conference is of the opinion that State Governments should examine the possibilities and establish primary land mortgage

banks in their States. The Conference is further of the opinion that the area of operation of these banks should be co-terminus as far as possible at least with that of a revenue district.

Item No. 6. Registrar. Is it borne on the I.A.S. cadre or is it borne on the Provincial Service? If on the Provincial Cadre, what is the scale of pay in each State and how is the recruitment done? If the former, are officers of the Co-operative Department eligible for selection? Should not the post be reserved exclusively for officers of the Co-operative Department on account of its technical character?

The practice prevailing in different States in the matter of filling up of the post of Registrars was explained by the Registrars of the various States who were present at the time of the discussion. Broadly speaking, the practice was that in the majority of the Part A and Part B States, the post of the Registrar of Co-operative Societies was reserved for a member of the Indian Civil Administrative Cadre. It was argued by certain Registrars that as the post of the Registrar was one involving technical skill and knowledge of a specialised character as well as constant contacts with the rural population among whom the movement was to be fostered and developed, the post should be reserved for an officer of the Co-operative Department of the State concerned who had served a considerable number of years in the Department and had, therefore, acquired the necessary skill and experience to administer and guide this democratic and popular movement. There was also a discussion on the point whether in those States in which the post of Registrar was reserved for a member of the Indian Civil Administrative Cadre, it should be 'de-reserved' and kept open only for officers of the Co-operative Department. After discussion on this subject, the following resolution was passed:

Resolution: This Conference is of the opinion that the post of Registrar should be kept open for either an officer of the Indian Civil Administrative Cadre or for an officer of the Co-operative Department or for an officer of the State Civil/Executive Service with the necessary training and experience in co-operation. The Conference further recommends that if a departmental officer or an officer of the State Civil/Executive Service is appointed and is confirmed after the State Government has had an opportunity of assessing his work, the Registrar concerned should be taken to the Indian Civil Administrative Cadre. The Conference is further of the opinion that the pay of the Registrar of Co-operative Societies should be that of the senior time-scale of the I.C.S. or I.A.S. when the post is occupied by a member of the Indian Civil Administrative Cadre and that it should be Rs. 1,500-60-1,800-2,000 as in Bombay State or a similar suitable scale if occupied by an officer of the Co-operative Department of the State in case the Registrar is not absorbed in I.A.S. The Conference further recommends that those States where the post of the Registrar is not

occupied by a member of the Indian Administrative Service and for some reason the States do not or cannot pay according to the scale mentioned above, the officer holding the post of the Registrar should at least draw a scale of pay equivalent to the senior time-scale of the I.A.S.

Item No. 7. Status and scales of pay of Assistant Registrars.

This item was also discussed and the following resolution was adopted.

Resolution : This Conference recommends that all Gazetted Officers of the grade of the Assistant Registrars of the Co-operative Department should be borne on the Cadre of the Co-operative Service of the States.

Item No. 8. Is the Co-operative Department entrusted with other activities than co-operative activities, for example—control of money-lenders, promotion of cottage industries? What is the result of such additional work on the Co-operative Department?

This item was discussed at length and the position obtaining in various States was outlined by the different Registrars. After discussion the following resolution was adopted :

Resolution : This Conference is of the opinion that the Co-operative Departments of various States should not be entrusted with miscellaneous and general work unconnected with co-operation or the co-operative movement.

Item No. 9. Research Section. Does the Co-operative Department maintain a Research Section for gathering statistics? What does this cost? What is its utility?

The Chairman explained that in Bombay State research in matters relating to co-operation is generally carried on by the Bombay State Co-operative Institute and the Bureau of Statistics and Economics attached to the Government of Bombay. In addition, researches in Co-operative problems were also conducted by the Indian Society of Agricultural Economics, the Gokhale Institute of Politics and Economics, Poona and by individuals. It was explained by the Registrars of the other States that in general the Co-operative Departments did not have any research sections which could be entrusted with the responsibility of conducting research in matters of co-operation. The representative of the Reserve Bank, however, pointed out that it should be possible for the Co-operative Training Colleges, wherever they existed to conduct researches by studying certain basic problems of co-operation and publishing periodically the results of these researches. In order to enable the colleges to do this, funds required by them should be made available. The solution was not for the Co-operative Departments of the States to have regular research sections for conducting such research. After further discussion on this subject, the following resolution was adopted:

Resolution : This Conference is of the opinion that for the purpose of conducting research in co-operation and co-operative problems, it

would be desirable that such work should be undertaken by State Co-operative Institutes where they exist. However, in the early stages, where such institutes have not been established, the Conference recommends that the Governments of such States may be moved to establish a section in the co-operative department of such States which would be entrusted with the task of conducting research into co-operative problems. The Conference is also of the opinion that where local universities are willing and are in a position to undertake such research, they should be encouraged by the Governments concerned by the provision of suitable financial aid.

Item No. 10. There should be a Standard Administrative set up with uniform designations, grades and scales of pay for co-operative departments of all States.

There was a good deal of discussion in respect of this matter. The consensus of opinion was that though a standard administrative set up was desirable, it would not be possible to achieve any uniformity in the designations of officers manning the Co-operative Departments of the various States. Nor would it be possible to lay down any definite rules regarding the number of officers to be posted in particular districts as the conditions and requirements varied from district to district. Again, it was necessary to have some officers on a functional rather than on a territorial basis. The following resolutions were adopted after this item was discussed fully.

Resolution 1: This Conference recommends that in all States all Government Officers of the co-operative department at the various headquarters (State and Districts) should be housed centrally and together in order to promote co-ordination of the activities of the various sections of the co-operative departments.

Resolution 2: This Conference is of the opinion that in those districts where the co-operative movement has not developed, there should be at least one supervisor for each taluka or Tehsil in order that adequate attention may be given to the development of the movement.

Item No 11. Auditor's services should be made pensionable in West Bengal State.

This item was proposed for discussion by the Registrar of West Bengal who gave the conference to understand that in West Bengal the posts of Auditors were not pensionable but were maintained out of the funds created by the audit recoveries made from co-operative societies. In the matter of recruitment, training, leave, increments, travelling allowance, etc., the posts were treated like other permanent Government posts. The Registrar of West Bengal, therefore, felt that in order to minimise the hardships of the persons occupying the posts of Auditors, such posts should be made pensionable. The conference discussed this item and adopted the following resolution :

Resolution : This Conference is of the opinion that the staff appointed to audit the accounts of the co-operative societies in the various States

should form part of the permanent co-operative departments of the States and that the strength of such staff may be determined according to the needs of each State Government.

EDUCATION AND TRAINING CONFERENCE

Held at Council Hall, Bombay on the 21st February, 1952.

The Auxiliary Conference which met at the Council Hall on 21st February 1952 discussed various aspects of co-operative education and training. Sri J. A. Madan, Chairman, Bombay Provincial Co-operative Institute presided. Sri D. A. Shah acted as Secretary.

The following was the sense of the conference on the several aspects of co-operative education and training discussed by it :

I. Research

- (a) Research should be conducted by State Co-operative organisations. It should receive more attention and should be systematised.
- (b) The Reserve Bank of India be requested to intensify its work pertaining to research at the All India level.

II. Text Books and Publications

Suitable text books are an urgent necessity. Standard text books in English and in the national language and suitable books in regional languages should be prepared and published. Preparation and publication of useful books and brochures on specific live topics pertaining to the co-operative movement should also receive attention.

III. Education, Training and Propaganda

- (a) Schemes pertaining to education, training and propaganda should progressively be worked by non-official agencies. State Co-operative Institutes or Unions should at least be in full charge of the training of the executives and members of co-operative societies.
- (b) Officials and non-officials particularly of the officers' grade should be trained at the same institutions.
- (c) Officers of administrative departments other than co-operative should also receive short training in co-operation.
- (d) Specialised training in audit, trading, industrial production, etc., deserves, in the case of Government staff and executives of societies, as much attention as co-operative principles and practice.
- (e) Greater use of the press and the platform and of cine projectors should be made.

IV. Co-operation in the General Educational System

In view of its great and growing importance, co-operation deserves an important place in the general educational system of the country. Suitable lessons should be introduced in primary and lower secondary schools and special courses and optional subjects should be introduced in upper secondary schools and colleges and chairs of co-operation instituted at universities. In addition, students should be acquainted with the actual working of co-operative institutions through canteens, stores, bookshops, etc., started and worked by students and teachers and at the upper secondary schools and higher level by contacts with outside co-operative institutions.

V. Co-operation between States

Inter-State co-ordination for training higher staff of Co-operative Departments and key co-operative institutions is desirable and ought to be arranged on a zonal or All-India basis.

VI. Finance

- (a) For all work pertaining to research, education, training and propaganda, adequate funds ought to be made available by State and Union Governments.
- (b) Contributions based on profits should be levied on co-operative societies by statutory enactments, for use by the State co-operative institutions responsible for co-operative education, training, etc.

VII. Preference in Employment

Governments and co-operative institutions should not be satisfied with anything less than the best service and ought to realise fully that trained personnel is the best personnel. They should, therefore, give preference in recruitment and promotion, to those who have equipped themselves through technical and general co-operative education and training.

The Conference was generally of the opinion that the sense of the Conference should be adopted by the Co-operative Congress in the form of resolutions.

SMALL SCALE AND COTTAGE INDUSTRIES CONFERENCE

Held at Bombay in the Council Hall, on 21st February 1952

The Auxiliary Conference on Cottage and Small Scale Industries was held on 21-2-1952 at the Council Hall, Bombay. Sri J. C. Ryan, Registrar of Co-operative Societies, Madras, presided. Sri V. P. Varde acted as secretary.

Sri Ryan circulated an agenda containing the subjects proposed for discussion at the conference. Several of the delegates spoke on the subjects and made useful suggestions.

In the light of the discussions and suggestions made, the following decisions were taken.

(1) The question as to which industries constitute cottage industries and which industries constitute small scale industries was debated at some length. Finally the definition attempted in the Chairman's note was generally accepted. Cottage industries were taken as those carried on in the cottages or homes of the workers or handicraftsmen irrespective of whether such industries were located in urban areas or in rural areas and whether they constituted their sole occupation or their subsidiary occupation and whether they were worked with power or not. Small scale industries were distinguished from cottage industries when they were located not in the cottages or homes of the workers, but at a central place where the workers assembled and carried on the industry.

(2) The Conference noted that for the promotion and development of cottage industries, the Government of India and many of the State Governments had constituted Central and State Committees consisting of the representatives of the departments of Governments concerned and of cottage and small scale industries, etc.

The departmental set up established for the promotion of cottage industries in some of the States was brought to the notice of the Conference. The development of cottage and small scale industries in general was said to be entrusted to the Industries Department in some others. The Conference recommended that whatever the department that was entrusted with the work, the balance of advantage and administrative convenience would lie in keeping an officer of the Co-operative Department in charge of the Department or Section dealing with cottage and small scale industries.

(3) A review was made of the development of co-operative handloom weavers' societies in different States and of the help rendered by them to weavers in distributing yarn, marketing cloth, etc. It was generally agreed that weavers' co-operatives should advance from the stage of being mere distributors of yarn—which is now the case in some States—to real centres of production taking over the finished goods of weavers and arranging for their marketing. In view of the inadequate supplies of yarn in lower counts, the Conference resolved that the Central Government should be requested to take steps to increase the supply of yarn, particularly of lower counts, to handloom weavers.

(4) The general lines of development of cottage industries other than handloom weaving such as co-operative societies for potteries, leather goods manufacture, etc., and of small scale industries such as co-operative workshops, were indicated, and the Conference was of the view that State assistance of the kind mentioned in the succeeding resolutions was essential for their development.

(5) The Conference recommended the following measures generally, for the promotion and growth of cottage and small scale industries :

(a) The Government of India should give protection to such cottage and small scale industries which have a survival value from foreign competition and from large scale industries within the country. Restrictions on inter-State trading in respect of cottage and small scale industries should also be removed.

(b) Governments should be requested to make arrangements for the procurement and supply of raw materials which are controlled by them in adequate quantities to cottage industrial co-operative societies. Similar arrangements should also be made for the procurement and distribution of raw materials which are not now under any system of control as well as of such other raw materials as Governments have in their possession, e.g. Bamboos and Teak Wood under the control of the Forest Department. Undeveloped and under-developed areas should receive special treatment in this respect.

(c) The funds available with the co-operative movement should be supplemented by funds from R.B.I. (by a suitable amendment of the R.B.I. Act) and by aids from Government on the lines obtaining in Bombay, e.g., (1) Government loans for the purchase of raw materials and equipment; (2) Government guarantee for loans from financing banks to provide the working capital; (3) Subsidies to meet the cost of the managerial staff and other expenses for a specified period of time; and (4) the purchase of the requirements of Government from cottage industrial establishments, giving them preferential treatment in regard to prices and priorities.

(d) As lack of machinery and equipment is a great handicap, the Conference recommended that State Governments should set up central workshops to manufacture and supply machinery and tools and other equipments needed by small scale and cottage industries and to supply them at reasonable prices to artisans. The need for research and experiment was also emphasised and State Governments were requested to take steps to organise research in these workshops.

(e) To improve the quality and standard of production State Governments were requested to provide a team of peripatetic technical experts to help the artisans on the spot in the improved methods of production and technique.

(f) Marketing was considered to be the crux of the problem of cottage industries and therefore, it was recommended that the Central Government should be requested to enter into trade agreements with foreign countries in respect of such products as can be exported, e.g., finished garments and embroidered goods. It was considered that the organisation of cottage industries for supply to foreign countries on contracts was the most successful method of promoting cottage industries.

MARKETING AND TRADING CONFERENCE

Held at Bombay in the Council Hall on 22nd February 1952 at 11 a.m.

The Auxiliary Conference on Marketing and Trading was held in the Council Hall at 11 a.m. on 22nd February 1952. It was presided over by Sri A.B.N. Sinha. Sri Ashok, H. Kaji was the Secretary.

Chairman: I propose to go in the following way. We must have certain lines on which we could proceed with the discussion. Of course, it is in your hands to make any change. I shall proceed to give you my own idea. The following points may be noted :

- (1) Private management versus State management.
- (2) Private initiative to be eliminated.
- (3) Co-operatives to undertake in the beginning only such marketing and trading which do not involve much speculation.
- (4) Whether it is a wise policy to combine banking, marketing and trading as in Bihar.
- (5) The Bihar State Co-operative Bank made a profit of Rs. 17 lakhs (part of which was transferred to central banks to strengthen their position) because of their Co-operative Credit Agricole organisation dealing in distribution of cloth, salt, steel and iron and sale of Government text books. Why not other States follow this?

After some discussion of the points the Joint Registrar of Bombay made the following remarks.

Jt. Registrar, Bombay: I have some suggestions. These are very important subjects. How to promote marketing? How to link agricultural credit with marketing? How to lessen the controls? How to work out imports and exports through co-operative organisations? In Bombay State, we have got marketing societies for cotton. There are so many restrictions for these. In this conference, if you could evolve a certain solution in the matter of imports and exports, it would be useful to us. Lakhs of bales of cotton are being exported by individuals. This we can take up. About warehouses, we have to see very much further. In Bombay State, there is a Warehouses Act passed in 1947. We give licences to recognised purchase and sale unions and marketing societies and grant loans and subsidy and thus promote godown activity removing malpractices. The main problem is as between State and State how to promote co-operative marketing by adopting all these methods by Statutes and legislation and to consider practical difficulties that the different States meet with in the administration of the Acts and also restrictions in imports and exports and linking of credit with marketing. I should like to know from Madras how they link credit with marketing. In Bombay, we have got legislative provision in the Bombay Agriculturists' Debt Relief Act and in the Co-operative

Societies Act penalising the agriculturists with both fine and imprisonment if they fail or evade payment of their dues to the credit societies before marketing their produce. On co-operative principles, we are not very strict in this respect, though we do exercise the penal provision in extreme cases. The difficulty arises as there is no direct link between the agricultural credit societies and the marketing societies. These two should contact one another in the interest of proper marketing and repayment of dues punctually by the agriculturists.

After further discussion Sri J. C. Ryan was asked to conclude the discussions.

Sri J.C. Ryan: I am thankful to you for having asked me to conclude the discussions. So many points were raised and so many suggestions were made. I should confine myself to one or two things which will be helpful to clear up the ground. The first thing is linking credit with marketing as suggested by the Jt. Registrar, Bombay. We have been doing this since 1937 onwards. We took up Salem District first and then other districts with good success in some areas and with feeble success in other places. This is called 'Controlled Credit Scheme'. Rural credit societies provide loans for cultivation, be it cotton or groundnut or chillies. When an area is selected, cultivation loans are given by the rural credit societies for raising these crops, say Rs. 40 for cotton, Rs. 60 for chillies, Rs. 35 for groundnut per acre. The one condition is that the member should raise chillies according to certain specifications. The marketing panchayat is responsible for this and he must see that the agriculturists market these products to the nearest marketing societies. Rural credit societies have lent Rs. 1 lakh thus. There are 40 such societies now. The sale societies have collected Rs. 5 to 6 lakhs in respect of chillies which are disposed of in public auction every week as they arrive from the fields to the highest bidder. So rural credit societies finance production and marketing societies, assist in sales and sale societies collect loans from the producers. First production loan is cleared; under this system, several agencies have to co-operate. This system works very well in Salem District. 20 lakhs of rupees cotton and Rs. 80 lakhs of groundnut every year are sold through the sale societies. Mr. Iyengar said that the marketing societies should sell to the consumers. This cannot be done. Whoever offers high price, he must take. You cannot insist upon giving to consumers' societies alone. There are producers' societies, export societies and marketing societies. I think to say that the producers' interests and the consumers' interests are identical is a fundamental mistake. We want clash of interests to be avoided and community interests to be secured. We have got our own Provincial Marketing Society in Madras. We have been selling goods of the Leather Workers' Producers' Society. We sell their shoes at a profit, say Rs. 18 per pair. If we ask them to keep only 12½ per cent and thus reduce the price in the interest of the consumers, they will say: "We won't send our goods to you for marketing. We will open an emporium and sell our shoes at a still higher price. The Batas are selling at Rs. 22 per pair. Our quality is the same

and we are equal to them. Why should we keep only 12½ per cent when we have got a greater demand?" So we cannot merge the interests of consumers and producers in one and the same institution viz., Provincial Marketing Society. Ours is a co-operative movement in a competitive world. If all production takes place co-operatively and if all consumption is done co-operatively, this ideal can thrive. Otherwise, so long as there is competition, we will have to see to the producers' side also.

We must allow the producer a profit. No profit, no production. In Ceylon, the consumers' movement is well-established. They are in need of chillies and onions. In Madras, we have marketing organisations for these. We sent onions thousands of tons to the Wholesale Societies in Ceylon. We charged 20 per cent profit. But in Ceylon, as both the producers and consumers were identical, the consumers were able to get the goods at a lesser rate. The same thing is in England too. If you talk about interests of producers and consumers in the name of co-operation, this will not work. We can have only a certain link-up of both consumers and producers. The mills at Guntakal are owned by the producers and the bales are produced for sale to consumers at a regulated profit, while the bales produced in Bombay and Coimbatore are intended for sale in the open market at huge profits. In our Triplicane Urban Co-operative Society, gingely oil is produced mainly for consumers with no profit. The best solution, therefore, is that the consumers and producers should work together. As regards an All-India Marketing Federation, I should say I am a believer in building from the bottom to the top and not from top to the bottom. If you super impose a structure, it will only crack. So let us build from the bottom, from primary, district, regional, etc. Naturally, we will reach to top. Even then, I doubt whether an All-India Federation could function. Because we have got markets already established for our goods. We cannot now interchange them. The idea is good; but let us go slow.

INSURANCE CONFERENCE

Held at Bombay in the Council Hall on the 22nd February 1952 at 2-30 p.m.

The Auxiliary Conference on Insurance was held under the chairmanship of Sri V. Parthasarathy, in the Council Hall on the 22nd February at 2-30 p.m. Sri G. H. Thakore acted as Secretary.

Hon. Secretary, Sri G. H. Thakore, with the permission of the Chairman, read out the letters received from: (1) Hyderabad Co-operative Insurance Society Ltd. (2) Orissa Co-operative Insurance Society Ltd. (3) South India Co-operative Insurance Society Ltd. and (4) Sri K. Bhattacharjee, Asstt. Secretary, West Bengal Provincial Co-operative Council, containing points and/or draft resolutions for consideration by the Conference.

Sri Parthasarathy then delivered his presidential address and invited the delegates present to discuss the issues raised by him and in the letters

referred to above. In the discussions that ensued, the following persons took part:

1. Sri N. Mishra,
2. Sri V. Venkatachalam,
3. Sri T. S. R. Iyengar,
4. Sri Madhavarao Anwari,
5. Sri K. G. Prabhu,
6. Sri Parija,
7. Sri Thakore.

The President Sri Parthasarathy winding up the debate stated that from the discussions, the following points had emerged which he trusted would be carefully considered by the Executive Committee of the Indian Co-operative Union and suitable action taken thereon by them:

1. To devise ways and means for closer association of all types of Co-operative Societies and the movement as a whole with Co-operative insurers transacting life and general insurance business.
2. Per contra to devise ways and means by which Co-operative insurers can assist in healthy growth and development of Co-operative Societies and the Co-operative Movement.
3. To consider ways and means by which cost of insurance could be made cheaper than at present.
4. To obtain recognition by the Central Government and State Governments of Co-operative Insurers in respect of insurance facilities needed by the State and Central Governments.
5. To carry on propaganda in favour of co-operative insurers as the golden mean between the idea of private or capitalist organisation of the insurance business and nationalisation of insurance.
6. To consider merger of all the co-operative insurers so as to have one or at most two co-operative institutions transacting life and general insurance business so as to command greater financial strength and allegiance from the Co-operative Movement.

The meeting terminated with a cordial vote of thanks to the Chair.

CONSUMERS' CONFERENCE

Held at Bombay in the Council Hall on the 22nd February 1952 at 4 p.m.

The Consumers' Co-operative Conference, was held at Council Hall on 22nd February. Mr. Keshava Dev Malaviya, former Minister of Co-operation, U. P., presided. Sri V. P. Varde acted as Secretary.

The conference considered measures to consolidate the movement and also discussed the position of the consumers' co-operative societies that would arise when the existing controls on essential commodities were

withdrawn. The consensus of opinion among the delegates was that the Congress should guide the movement as to what steps should be taken to consolidate it when controls were abolished.

Among the recommendations made by the conference to the Congress was one to "progressively non-officialise" the movement with the ultimate object of making itself independent of State help. The conference also desired that methods should be devised to induce free flow of money from Government coffers to co-operative finances to enable it to give financial help to the various ventures of the co-operative movement. The conference also wanted Government to give preference to co-operative trading.

Addressing the conference, Mr. Malaviya stressed on the need for a large army of workers to be trained to carry on intensive co-operative work in compact areas. Government should give all possible help to the movement and the nature of such help should be by giving monopolistic trade in selected areas, he suggested.

The Chairman also desired that production and distribution ventures of co-operative societies should be linked up together in order to bring about economy and efficiency.

BANKING CONFERENCE

Held at Bombay in the Council Hall on the 24th February 1952 at 11 a.m.

The Auxiliary Conference on Co-operative Banking was held on Sunday, 24th February 1952, under the Chairmanship of Sri R. G. Saraiya. Sri V. P. Varde acted as Secretary.

1. The principal topic of discussion was the necessity for increasing the financial resources of the co-operative movement. It was pointed out that, with the increasing activities of co-operative banks not only in connection with the financing of agriculture but also in connection with the financing of marketing of agricultural produce, distribution of controlled commodities like cloth, yarn, sugar, cement, iron and steel, etc., and providing finance for industrial co-operative and specialised societies like forest labourers', co-operative sugar producers and electric supply societies of Bombay, the financial resources of the co-operative movement were found to be quite inadequate. The financial resources therefore have to be supplemented with assistance from the Reserve Bank and the State and Union Governments. The need for augmenting financial resources was not only great but pressing. The steps for this were considered.

For tapping rural savings the Conference noted with great interest the experiment of Madras, where a special drive was launched by the Co-operative Movement to collect deposits in rural areas to the extent of at least Rs. 1,000 per society. This drive was successful in securing Rs. 1 crore against the target of 2 crores set by the Registrar of Co-operative

Societies. It was felt that the scheme was of great interest and a detailed description of it be sent by the Registrar of Co-operative Societies, Madras, to the Executive Committee of the Union and then circulated amongst the members by the Union.

2. It was urged that, wherever any restrictions imposed by the State exist, on deposits of local bodies, trusts, panchayats, etc., with the co-operative banks, such restrictions should be removed. In fact deposits of such institutions with the co-operative banks should be encouraged by the State.

A good deal of discussion took place about the scope of assistance from the Reserve Bank. It was recognised that the Reserve Bank was assisting the co-operative movement to the extent possible within the scope of the Reserve Bank of India Act.

Mr. Sarvothama Rao, Chief Officer, Agricultural Credit Department of the Reserve Bank of India, explained the attitude of the Reserve Bank of India and showed how it was willing to be increasingly useful to the co-operative movement, and at the same time, explained the principles of sound banking for the benefit of the Provincial and Central Banks. His main theme was that the Reserve Bank of India could after all assist credit-worthy borrowers.

It was, however, felt that it was necessary to widen the scope of the Reserve Bank of India Act so as to include within its purview the following:—

- (a) Financing of the intermediate credit requirements of agriculturists;
- (b) Financing of Industrial co-operatives;
- (c) Financing of marketing societies against the pledge of stocks held by societies.

3. Some discussion also took place as to whether it will be possible to channel some of the assistance received from abroad under the 'Colombo Plan' or the International Bank of Reconstruction through the co-operative movement.

It was felt that this avenue may be explored, although the actual extent of the assistance from these sources would not be appreciable.

4. The Mutual Arrangement Scheme working under the aegis of the Bombay Co-operative Banks' Association was explained by Shri V. P. Varde, Hon. Secretary of the Association. It was felt that similar schemes for the transfer of funds within various States from rural areas through co-operative banks should be undertaken by other States. It may also be necessary to explore the possibility of remittance of funds between one State and another through co-operative agency, viz. the Apex Banks.

5. Regarding long-term finance, the Conference stressed the necessity of State Governments assisting the formation of Land Mortgage Banks.

6. The question of recovery of loan amounts from sureties of members who had migrated to Pakistan was discussed. It was felt that it was not morally justifiable to enforce recoveries from such sureties. At the same time, it was urged that steps should be taken by the Government of India to ensure that the dues of co-operative societies from such members who had migrated to Pakistan should be secured. Detailed discussion of the matter was left to the Executive Committee of the Union.

7. The Conference also noted with regret the proposed amendment to sections 8 and 18 of the Indian Income-tax Act, which are designed to take away the privilege of non-deduction of income-tax at source on debentures issued by Co-operative Land Mortgage Banks and other co-operative financing institutions. In order to encourage the flotation of such debentures in rural areas, and tap small savings, it was felt that it was necessary that income-tax on such debentures should not be deducted at source and therefore the proposed amendment should be opposed.

PLACE OF CO-OPERATIVE ORGANISATIONS IN THE FIVE-YEAR PLAN

By

R. G. SARAIYA, O.B.E.,

President, Indian Co-operative Union

The question has often been asked how the Co-operative Movement can function as an agency of the State for carrying out the plans of the State in rural areas. The difficulty pointed out was that the co-operative structure, being 'voluntary' and confined to a limited number of members, would not be able to serve all the members of the community and, therefore, the State might have to look up to another agency for the purpose of implementing their plans. This note is an attempt to answer this question and to explain at length the co-operative point of view which has been given expression to in the resolutions of the First Indian Co-operative Congress and of the Bombay State Co-operative Council, which have already been forwarded to the Planning Commission.

In this connection, it should be pointed out that the Co-operative Movement, inspite of all its short-comings, is the only democratic Movement which can claim experience extending over four decades for furthering the economic advancement of the people in the rural areas. In States like Madras, Bombay and the Uttar Pradesh, co-operative societies in rural areas have demonstrated to some extent their usefulness in the distribution of credit, supply of improved seed, fertilisers, agricultural implements etc., and marketing of agricultural produce. The rural co-operative society is a statutory organisation with definite bye-laws, rules and regulations; its constitution is democratic and its affairs are managed by an elected Committee; its accounts are subject to regular audit and its affairs are subject to periodical inspection by the Registrar of Co-operative Societies. It has already got its contacts with the rural population of all shades and vocations. It can, therefore, serve as a suitable agency for implementation of the plans for development in agriculture, irrigation and marketing and provision of credit to the individual and/or the community. It can ensure public co-operation and with a certain degree of State assistance, supervise proper utilization of the resources placed at its disposal. It is, therefore, urged that the Government and the Planning Commission should recognise the co-operative institutions, wherever they exist, as their agency for the economic

activities, especially in the following sectors of economic development :—

- (a) Distribution of fertilisers, implements of agriculture and agricultural machinery, and marketing of produce ;
- (b) Financial assistance—loans and subsidies for different purposes—like irrigation, sinking of wells, land development etc.;
- (c) schemes for mobilising rural savings.

It is now proposed to examine the functions of the Village Production Councils which have been proposed in the draft outline Report of the Planning Commission and see to what extent the work assigned to the Village Production Councils can be carried out by the co-operative societies. The functions of the Village Production Council have been stated as follows :—

- (i) frame programmes of production to be achieved at each harvest;
- (ii) frame budgets of requirements for supplies and finance needed for fulfilling the programmes ;
- (iii) assess results attained at each harvest ;
- (iv) act as the channel through which all Government assistance is provided to the village ;
- (v) take steps to bring under cultivation land at present lying uncultivated;
- (vi) arrange for the cultivation of land not cultivated or managed by the owners ;
- (vii) assist in securing minimum standards of tillage to be observed in the village with a view to increasing production ;
- (viii) stimulate production through prize and other incentive schemes ;
- (ix) promote the cultivation of high yielding food crops ;
- (x) organise voluntary labour for community works ;
- (xi) estimate and assist in the provision of requirements of local raw materials for the artisans of the villages ; and
- (xii) assist in the procurement and sale of surplus food grains.

Neither the well-known principles of organisation nor past experience give ground to hope that Village Production Councils,

which have no tradition, no experience, no resources of their own and no responsibility, will be able to achieve this exhaustive list of objects of rural planning. If Panchayats and co-operatives have severally registered limited achievements, their achievements in combination as Village Production Councils, or of Village Production Councils by themselves, will be more limited still. Between the Panchayats and co-operatives all the functions here enlisted can be carried out as satisfactorily as is possible in our circumstances.

It is proposed by the Commission to make an all out effort to establish an altogether new set of institutions viz. Village Production Councils. Let them instead go all out for Panchayats and co-operative societies. Panchayats for social or civic activities and co-operatives for economic activities. Government assistance intended to promote civic life and social welfare of the village should be made available to the Panchayats ; State assistance intended to help the villager in his daily business and economic life should be made available through co-operative societies. If this is done, there is every reason to expect that, in the near future, all the villagers engaged in economic pursuits will become members of a co-operative society. It has invariably been the experience of the Co-operative Movement that, where it is live and where State assistance is channelled through it membership increases very fast. The examples of the U.P. can be quoted where practically all the growers of sugarcane are members of some co-operative society or the other. Any method of implementation of the State plans in a country so vast as India will take some time and it is claimed here that actually the time taken for reaching the people will be shorter through the Co-operative Movement than through any other agency.

Pending the attainment of this stage, the existing co-operative societies, by registering non-shareholders as nominal subscribers or limited members, will be able to ensure to the whole village an equitable distribution of all advantages placed at their disposal by the State. Where specific schemes of development are being attended to, it will be feasible to set up special committees of the society concerned with a provision for nominated or co-opted non-members. It is more than probable that contacts thus established will before long ripen and strengthen into full membership. There is no reason why, if this policy is followed, before the next Five-Year Plan comes to be adopted, every

villager should not be a member of a co-operative organisation for his business interests, as naturally as he would be a member of the Panchayat for his civic interests. Every co-operative society is subject to some supervision and also inspection by the Registrar of Co-operative Societies. In the scheme of planning, besides co-operative supervision, other methods of contact with authorities responsible for execution of plans will also be maintained. It will thus be easy to ensure that the purposes of a scheme of assistance are not being foiled by any restrictive act of a co-operative society. There need be no fear, therefore, that co-operative bodies will be less competent or fair than the proposed Village Production Councils.

To revert again to the functions of the Village Production Councils, some of the functions listed as appropriate to Village Production Councils, either mean too little or too much. If they are taken seriously, the Village Production Councils will really assume the overall function of regulating the economic life of the village. It can, at this stage, only mean that the Councils should be associated with other agencies, mostly departmental, for purposes indicated in the plan. For most of the items, both for association and ultimate participation, the co-operative society will be able to function much more effectively. It has more experience, better trained personnel, a stake and a feeling of responsibility. The appropriate manner of discharging each one of the twelve enumerated functions, in so far as they are really capable of being discharged at the village level for the present is indicated below:-

(a) A meeting, or rather a session, of all members and sympathisers of a society should be held at least once during a year, preferably at the end of the principal season so that they can take stock of what was achieved during the preceeding year and plan for the succeeding one. This experience in corporate management is going to be a trial in whatever form, but the chances of its success are best when it is promoted under co-operative auspices. The main drive will, in any case, have to come from the leaders, assisted by technical officers of Government. Items, i, ii, iii, vii, viii, ix and xi belong to this class.

(b) As pointed out earlier, Governmental assistance (iv) intended for promoting social welfare should be given through Panchayats and that intended to help economic welfare or the individual villagers' business should be given through the co-operative society.

(c) Items v and vi entail an operational and financial responsibility which can be properly discharged only by forming a co-operative society for the purpose or by entrusting the function to an existing co-operative society.

(d) Item x is connected with community works. It will naturally have to be attempted by the Panchayat with the assistance placed by the State at its disposal. In the execution of such works, labour contract societies can also play a very useful part.

(e) Item xii is primarily the responsibility of the State; the assistance of the co-operative societies can naturally be expected in this sphere, but the societies can only function as agents of the State.

In this connection, it may be permissible to record the experience of Bombay and the steps actually taken in that State to enable the Co-operative Movement to function, to some extent, as a State agency. With a view to enabling the co-operatives to assist the Government in their plans for improvement of the rural economy, the co-operative organisations in the State of Bombay have suitably modified their byelaws in order to be of service to members as well as non-members. When the Government of Bombay passed Debt Relief Legislation and had to recognise the co-operatives as an alternate agency for providing credit to adjusted debtors or those who were parties to proceedings under that legislation co-operative credit and multipurpose societies as also the central financing agencies amended their constitutions to enable them to admit such persons as "nominal members" on payment of a small fee and to provide agricultural loans to such persons. Similarly when the Government of Bombay decided to employ the co-operative agency for the provision of institutional credit to creditworthy agriculturists, the byelaws of the local societies and central financing agencies were suitably amended to enable them to undertake this responsibility and even to deal with those who may not be admitted as members of the society. During the War, when distribution of controlled commodities was undertaken by co-operatives, supplies were not restricted to members but were made available to all persons in their area of operation. Thus the co-operative institutions in the State of Bombay have in the past adapted themselves to assist Government in their plans of economic service to the community as a whole. The constitution of some of the societies also provides for setting up special committees—like Grow More Food Committees—on which outsiders can be co-opted for specific purposes.

In this connection, it will not be out of place to quote the example of France. I am indebted to *Co-operative Information* published by the I. L. O. (Issue No. 2 of 1952) for the following:—

“The importance of co-operative organisation to the spread of modern techniques has been emphasised by the French Ministry of Agriculture in its selection of a locality for the arrangement of practical demonstrations in improved methods of cereal cultivation.

“The Ministry decided to organise a whole village in South-west France as a kind of pilot project for this purpose, in which the land, the holdings and the farmers themselves are all of different types.

“It is interesting to note what factors led the experts to select one village rather than another. They are indicated in the following extract from one of their reports:—

“We did not believe that this experiment could work successfully in a district which had no co-operative tradition nor any adequate mechanical equipment. Beaumarches had the double advantage of being an active and even a daring centre of co-operative activities with its novel arrangements for fruit farming and also of having an efficient co-operative for the use of farm equipment which had already started to persuade its members to be machine-and-motor-minded. The ‘pilot-village’ experiment was consequently started in surroundings which the co-operative spirit had prepared for gradual evolution and some amount of discipline.”

“The results have been encouraging. Average wheat production, for example, was increased by 12–20 quintals per hectare even during the 1950–51 season, which was generally bad. Through lack of funds, however, the individual farmers were unable to make a great enough financial effort, and by comparison with the year before, this meant a drop in the amount of fertilisers used, particularly over the second season of 1950–51.

“The experts from the Ministry of Agriculture felt that every effort should be made to increase the use of fertilisers in these unproductive areas and they therefore had to find some way whereby the farmers could obtain facilities for credit.

“Once again, the co-operatives were asked to help, and the Intercantonal Cereals Co-operative tried the following

experiment; any farmer undertaking to deliver his cereals to the co-operative could have the fertilisers he required, without formalities of any sort, as an advance in kind.

“It was consequently decided to extend the range of the experiment this year and, instead of working on a single village, to take the region covered by the cereals co-operative, *i.e.* an area greater than the canton.

“According to the experts, this is the only practical solution to the credit problem, which the village co-operatives can seldom solve alone.”

It will therefore be seen that, even in France, the co-operative society has been found to be a suitable agency for bringing about an improvement in the technique and methods of agriculture.

In the light of the above, therefore, the conclusion is inescapable that rural co-operative societies offer the best medium for implementing the State plans for agricultural development. In spite of their short-comings, which can and should be remedied, they form the only democratic medium available for inspiring enthusiasm in the people for the State plans. It is reported that Pandit Nehru at the recent Conference of Development Commissioners sounded a note of warning against too much officialisation of the organisation dealing with the projects and impressed on the Development Commissioners the imperative need for canalising the surging tides of human energy and enthusiasm by themselves giving a lead in manual work instead of issuing orders from their office rooms. He is also reported to have been seized with a “slight fear” when he saw all this planning and organisation because, as things were, somehow the persons who did the job were rather distant from those at the top. Does not the co-operative society offer a happy medium which will bring about a closer contact between the people who do the job and the people who plan at the top? Does not the co-operative society offer the only reply to the danger of “too much officialisation”?

ALL-INDIA RURAL CREDIT SURVEY

GENERAL QUESTIONNAIRE ON AGRICULTURAL CREDIT

Introductory Notes

1. The All-India Rural Credit Survey is being conducted by a Committee of Direction appointed by the Reserve Bank of India. This questionnaire is issued by the Committee. It seeks to elicit informed views on some of the more important aspects of Agricultural credit in this country. It is, therefore, addressed in particular to those who have acquired special knowledge of any of those aspects, either through specialised study or in the course of professional or other experience, whether in the non-official sphere or in the service of Government. Views based on such study or experience will be a valuable supplement to the factual data now in the process of collection through field enquiries organised by the Committee in 75 districts spread over different States in the country. The Committee will be grateful for all such views.

2. The questionnaire is divided into different sections: Government Finance, Co-operative Finance, Private Finance, etc. It is realised that the same individual may not be familiar with all the aspects on which the queries have been framed. The answers may, therefore, if desired, be confined to selected sections or to selected questions in one or more sections.

3. Where the answers are based on study of particular regions or institutions, the regions or institutions may please be specified. Similarly, where the views are derived from personal experience, the type and extent of that experience may kindly be indicated.

4. Wherever feasible and convenient, it is requested that concrete facts may be cited or specific information given in support of the views expressed.

5. It is explicitly understood that any opinions communicated will be treated as the purely personal views of the individual expressing them; and that if, for instance, the individual is a Government servant or the office-bearer of an institution, his views in no manner commit the particular Government or institution.

6. The Committee undertakes, on specific request, to treat all or any of the views expressed or information given as confidential, and as therefore not for publication or for communication outside the Committee.

7. Replies to the questionnaire may kindly be posted to the Member-Secretary, All-India Rural Credit Survey, Reserve Bank of India, Post Bag No. 1036, Bombay, so as to reach him on or before the 15th July 1952.

QUESTIONNAIRE

I—Government Finance

Most State Governments give loans, short-term, medium-term and long-term, for agricultural purposes. Thus, short-term crop finance may be provided through takavi loans, and long-term loans may be given under the Land Improvement Act. There may also be provision for special types of loans under the Grow More Food Scheme or under other individual schemes. Please answer the following questions with reference to all or any such schemes, specifying the scheme or schemes referred to :—

1. What are the broad features of the scheme, with special reference to (a) the objects underlying it, including the type of loans envisaged and the manner of their repayment (b) the budgetary provisions made and (c) the administrative arrangements set up?
2. Is there anything in the scheme itself, i. e. in its formulation as distinguished from its financial and administrative implementation, which tends to defeat the objects underlying it? (For instance, limits for individual loans may be too low or terms of repayment too onerous. Or again, lacunae in the scheme may result in relatively urgent needs being passed over in favour of others of less importance.)
3. What, in your opinion, is the degree of adequacy of the actual financial provision made from year to year (with reference e.g. to the number of individuals who obtain loans under the scheme and the average amount of the loans they obtain)?
4. How far do the administrative arrangements carry out in practice the objects envisaged, and how do they work from the point of view of the cultivator? In your reply, please refer if possible to the various stages involved, e.g. application for the loan, its scrutiny, its sanction, its disbursement, supervision over its utilisation, enforcement of repayment etc. What is the quality and efficiency of the supervisory and other staff employed at the various stages? Please state whether, in your opinion, incompetence, slackness, corruption, etc. exist to such an extent as materially to affect the successful working of the scheme. If so, to what extent do they defeat the objects of the scheme?
5. In regard to underlying objects, financial provision and administrative arrangements, are the different schemes of Government properly co-ordinated with one another and with similar operations of co-operative institutions and other agencies of credit? If not, how does the overlapping occur and to what

extent does it lead to administrative duplication, financial wastefulness, etc. ?

6. Have you any other comments or suggestions to make in this connection ?

II—Co-operative Finance

The following observations are made, not because they are not obvious, but in order to invite attention at one place to certain broad lines of analysis which are relevant to more than one of the questions set down below and which, it is requested, may be borne in mind in answering individual questions.

Co-operative credit for agricultural purposes may be (a) *short-term* (e.g. for seasonal agricultural operations or for the marketing of crops, the latter including processing, transport and warehousing) or (b) *medium-term* (e.g. for digging of wells, purchase of livestock or purchase of certain types of equipment) or (c) *long-term* (e.g. for repayment of debt or improvement of land.) The individual societies concerned may be classified with reference to (a) type of credit specialised in (e.g. credit society and land mortgage bank) or (b) scope of activity according as it is confined to credit or also includes non-credit functions (e.g. primary credit society and multipurpose society or (c) the area of operations (e.g. primary society for village or group of villages, and district or "central" bank) or (d) functional level occupied in the organisation (e.g. district or "central" bank as link between primary society and State or apex bank). In connection with the co-operative credit organisation of any particular area, therefore, it will usually be necessary to consider the structure and the functioning of units of different types, both individually, and in relation to the other units operating in the area either at the same level or at a different level. Where the area is part of a State, it is further necessary to remember that the regional organisation is part of the larger State organisation. Moreover, co-operative credit is only one aspect of co-operation; in other words, the co-operative credit system is only part of the wider co-operative system of the State. Several inter-relations have thus to be kept in mind in assessing the inadequacies of the credit organisation in any particular area and in formulating remedies therefor. Some of the inadequacies may be traceable not to the organisation itself—i.e. the given structure with its prescribed functions—but to the policies or objects pursued (whether these are explicitly laid down or are implicit in the broader practices) or the finances available and efforts made for their mobilisation or the actual working of the personnel concerned with the taking and implementation of decisions (e.g. directors, paid supervising staff etc.) Replies which deal in detail with all or any of the aspects mentioned above will be particularly welcome.

1. What is the relative place occupied by the co-operative credit system in agricultural finance? In other words, in the particular area to which your answer relates and in comparison with the other sources of agricultural credit co-existent in that area what place would you assign to the co-operative credit system with reference to factors such as volume of finance made available, number and classes of borrowers whose needs are met, types of loans given (period, purpose etc.), nature of security taken, rate of interest charged and mode of repayment enforced? Any special advantages or disadvantages in comparison with the other credit agencies—Government or private—may please be indicated with reference not only to the formulated or implicit objects of the different agencies, but also to their working in actual practice.
2. Are there any features connected with the law, regulations and policy governing the system or its individual units—as distinguished from organisation, finance and actual working—which tend to defeat the objects underlying it? (For instance, the fact that the liability of members is unlimited may make for successful working or it may not; there may be undue restrictions on membership; the limits for individual loans may be too low; proper priorities may not have been laid down as between purposes for which loans are given and so on). What remedies would you suggest?
3. What, if any, are the defects of organisation with reference to the structure and functions of (a) different types of individual units (b) the individual units in relation to one another and (c) the organisation in the area in relation to the larger organisation in the State as a whole, including units outside the area such as the Apex Bank? What remedies would you suggest?
4. Are the finances adequate? If they are avoidably inadequate, what remedies would you suggest?
5. What, if any, are the defects in the actual working of the system, both the regional organisation and its individual units? To what extent are these defects traceable to the quality of the personnel in charge of (i) direction (e.g. members of a Board) and (ii) management, supervision and execution (paid officers and staff)? How does the constitution of an individual society work in practice, e.g. how are the powers actually exercised by the different authorities involved? To what extent does the local background (social, political etc.) affect the actual working? Please contrast the working of successful and unsuccessful societies and if possible, give reasons for the differences. What remedial measures would you propose in regard to the defects noticed?

6. In general, have you any scheme to suggest for the effective reorganisation of the co-operative credit system in the area, with reference to factors such as :
- (a) promotion of thrift and mobilisation of savings ;
 - (b) financial adequacy ;
 - (c) administrative efficiency ;
 - (d) demarcation of productive and unproductive credit, credit-worthy and non-credit-worthy members etc ;
 - (e) proper integration of short-term, medium-term and long-term credit ; and
 - (f) effective linking of marketing credit with production ?
7. Have you any other comments and suggestions to make in this connection ?

III—Private Finance

The phrase "private finance" is used here as covering agricultural finance derived from any source other than Government and the Co-operative system. Among the private credit agencies which make available such finance, two obvious categories are moneylenders (whether or not professional) and indigenous bankers (who, besides lending, perform certain other banking functions such as acceptance of deposits). Commercial banks, both scheduled and non-scheduled, are a third category, and certain other credit institutions—such as Chit Funds—constitute a fourth. Other agencies to be kept in mind, in that they sometimes lend to the agriculturist in the course of the discharge of their main functions, are brokers, traders, wholesalers or agents of wholesalers, Export and Import Houses, processors of agricultural commodities etc. In answering the following questions, please bear in mind the distinction between these categories and sub-categories and indicate the particular private credit agency or agencies to which your replies have reference.

1. What is the relative place occupied by the private credit agency in agricultural finance ? In other words, in the particular area to which your answer relates and in comparison with the other sources of agricultural credit co-existent in that area, what place would you assign to the private credit agency with reference to factors such as volume of finance made available, number and classes of borrowers whose needs are met, types of loans given (period, purpose etc.), nature of security taken, rate of interest charged, and mode of repayment enforced ? Any special advantages or disadvantages in comparison with the other credit agencies—in particular, Government and co-operative societies—may please be indicated with reference not only to the formulated or implicit objects of the different agencies, but also to their working in actual practice.

2. What are the main provisions of the law and regulations, if any, which govern the operations of the private credit agency ? What has been the general effect of such provisions on the working of the agency ? To what extent does the agency operate, in practice, within the law and to what extent outside it ? As regards the latter point, viz. evasion of law, can you throw any light on the prevalent modes of evasion, distinguishing between (a) those which, while conforming to the letter of the law, are aimed at defeating its objects and (b) those which are in contravention of both the letter and the spirit of the law ? If possible, please describe the types of evasion in some detail. If the extent of evasion is considerable, would you attribute this to (a) the purpose of the law being unrealistic or (b) the provisions of the law being defective or (c) the administrative implementation of the law being faulty or (d) any other reason ? If the administrative implementation is faulty, to what extent is this attributable to (a) ill-designed or inadequate machinery and (b) inefficient or corrupt personnel ?
3. What, in your opinion, should be the future role of the private credit agency ? What legislative, administrative or other steps would you recommend in pursuance of the development you envisage ?
4. Have you any other comments or suggestions to make in this connection ?

IV—Savings

1. In your opinion, have agriculturists generally, or certain classes among them, been able to save appreciably during recent years, in view, especially, of the improvement in the prices fetched by agricultural commodities ? Please indicate in some detail the observed facts on which your opinion is based.
2. In particular, are there overt indications of larger savings by way of larger investments in (a) gold or silver, (b) land or buildings, (c) Government securities, National Savings Certificates etc. and (d) local business or industrial undertakings such as motor transport etc. ? Has there been any tendency to invest more in the improvement of land or in other forms of agricultural development ?
3. What methods would you advocate for promoting savings among the different classes of agriculturists and for mobilising the savings for productive purposes ?

IV—General Situation of Agricultural Credit

1. To what extent, if any, has the agricultural credit situation in the area to which your answer relates been affected—in the sense for example, of credit becoming easier or scarcer, cheaper or costlier etc.—by reason of any legislation passed during the last five or six years in respect of one or more of the following subjects : tenancy, ownership and right of alienation of land; fragmentation and consolidation; debt relief and adjustment; moneylending and interest rates; and markets and warehousing?
2. If the legislation is evaded, can you throw any light on the prevalent modes of evasion, distinguishing between (a) those which, while conforming to the letter of the law, are aimed at defeating its objects and (b) those which are in contravention of both the letter and the spirit of the law? If possible, please describe the types of evasion in some detail. If the extent of evasion is considerable, would you attribute this to (a) the purpose of the law being unrealistic or (b) the provisions of the law being defective or (c) the administrative implementation of the law being faulty or (d) any other reason? If the administrative implementation is faulty, to what extent is this attributable to (a) ill-designed or inadequate machinery and (b) inefficient or corrupt personnel?
3. What is your view regarding the level of rural indebtedness (i) before the last World War. (ii) soon after the war and (iii) in the last year or two? To what extent have (a) debt-relief or debt-adjustment legislation and (b) other factors been responsible for the changes, if any, in the level of indebtedness? Please state in some detail the data on which your opinions are based.
4. Have you any other general comments or suggestions to make?

Supplement to I.C.R. No. 1 of XVIII.

Proceedings of the General Body Meeting of the Indian Co-operative Union Held at Bombay at Cowasji Jehangir Hall on the 27th February 1952 at 4 p.m. with Dewan Bahadur Prof. H. L. Kaji, President of the Indian Co-operative Union in the Chair.

The President, Dewan Bahadur Prof. H. L. Kaji, in his opening remarks expressed his desire to be relieved of the Presidentship of the Union as he was not keeping good health and could not stand the strain involved in the proper discharge of the duties. Further he added that the time had come when the Union required a young and energetic President who could put in more time and effort for achieving the objects of the Union. He said the Union had his blessings.

Then the President requested Mr. W. P. Watkins of the International Co-operative Alliance, who attended the Congress as a fraternal delegate, to address the meeting.

Mr. Watkins, in his address, said that he had asked the President for the opportunity of speaking at the meeting with the idea of inviting the attention of the Indian co-operators to the necessity of acquainting themselves with current trends in the Movement in the various countries. They could have all the information in the Review of International Co-operation and in the News Bulletins issued by the Alliance thrice every month. He invited pointed attention of the members to the fact that though the membership of the Indian Movement comprises roughly about one-eighth of the world Movement the Indian Movement was not having even the one-eighth influence in the world gatherings. He emphasised the need for establishing personal contacts with co-operators abroad at least once every year by means of such gatherings. Finally he stressed the need of the Indian Movement to draw largely on the fund of experience of the Movement abroad.

The following resolution was moved from the Chair and was passed unanimously all the members standing :

1. This meeting places on record, its deep sense of sorrow and grief, at the sad demise of Sri T. A. Ramalingam Chettiar, Vice President of the Indian Co-operative Union and Sri K. A. Nachiappa Gounder, member of the Executive Committee of the Union, and extends its heartfelt sympathy to the members of the deceaseds' families. By their death the movement has lost two sincere leaders.

2. Resolved that the Report (Appendix A) and the Statements of Accounts (Appendix B) of the Indian Co-operative Union and the Indian Co-operative Review submitted by the Honorary Secretary be passed.

3. Resolved to admit Dewan Bahadur Prof. H. L. Kaji and Sjt. V. L. Mehta as Honorary Members of the Indian Co-operative Union.

4. Resolved to authorise the Executive Committee to change the name of the Indian Co-operative Union to any other suitable name, in view of the fact that there was an Indian Co-operative Union, Ltd., at Delhi.

5. The other amendments to the constitution proposed by Sri V. P. Garde and others were referred to the Executive Committee for consideration and presentation to the next General Body with their recommendations.

6. The following were elected as office-bearers:

Sri R. G. Saraiya, O. B. E.,	<i>President.</i>
Sri Shyam Nandan Sahay, C. I. E.,	} <i>Vice Presidents</i>
„ S. Srinivas	
„ N. R. Samiappa Mudaliar	
„ B. J. Patel, B.A., LL.B.,	<i>Hony. General Secretary</i>
„ N. Satyanarayana	} <i>Jt. Secretaries.</i>
„ Satguru Prasad Chaudhari	

7. The following were elected as members of the Executive Committee:

Sri T. Narayana Pillai	...	Madras
„ V. Jaggaraju	...	„
Dr. P. Natesan	...	„
Sri Ashok H. Kaji	...	Bombay
„ N. T. Master	...	„
„ K. C. Desai	...	„
Capt. Dalip Mansingh	...	U. P.
Sri Raghuraj Swarup	...	„
„ Thakur Phool Singh	...	„
„ T. S. Rajagopal Iyengar	...	Mysore
„ A. N. Rama Rao	...	„
„ Madhav Rao Anwari	...	Hyderabad
„ M. Narasing Rao	...	„
„ N. Ramakrishna Rao	...	Orissa
„ S. W. Fadnis	...	Madhya Bharat
„ Kalipada Bhattacharjee	...	W. Bengal
„ M. P. Kolhe	...	Madhya Pradesh
„ K. G. Gopalakrishnan	...	Travancore-Cochin
„ P. I. Belliappa	...	Coorg
„ Dip Narain Sinha	...	Bihar

8. Resolved to record the deep sense of gratitude of the Union to the retiring President, Dewan Bahadur Prof. H. L. Kaji, for his services to the movement during the past four decades and for his untiring efforts, as President of the Union, in bringing into existence the Indian Co-operative Union and the Indian Co-operative Congress.

Sri M. Sitaramayya, moving the above resolution spoke of the services rendered by Dewan Bahadur Prof. H. L. Kaji to the Indian Co-operative Movement in detail. Nawab Mir Akbar Ali Khan seconding the resolution associated himself with the mover. Sri A. N. Rama Rao, Sri N. T. Master, Sri Dalip Mansingh also spoke of the services rendered by the President to the movement and prayed to God for his speedy recovery and hoped his advice would be available to the Movement for many more years. The whole assembly prayed to God standing for the speedy recovery of the President.

APPENDIX A.

THE INDIAN CO-OPERATIVE UNION

A Brief Review

The Indian Co-operative Union was established at the Eighth All-India Co-operative Conference held at Bangalore in May 1949. After preliminary discussions with the Honorary General Secretary, Mr. B. J. Patel, who had specially come over from Baroda to Bombay for the purpose, the First Meeting of the Executive Committee was arranged to be held at New Delhi in August 1949 at the Central Secretariat and the Honourable Minister in-charge of Agriculture and Co-operation, Government of India, Shri Jairamdas Daulatram consented to inaugurate the meeting and address it. The meeting was very well attended by almost all the members and the Secretary to the Government of India, Ministry of Agriculture, took part in the discussions, throughout. The resolutions passed at the meeting are appended hereto.

The meeting was remarkable for the recognition of the Union by the Government of India as the National Co-operative Organisation of the country. It was also remarkable for the promise of assistance by way of a substantial grant to the Union by the Honourable Minister in-charge. He emphasised that the Union should build up an efficient Secretariat to enable it to perform its duties in a proper manner. It was hoped that the grant would come to about Rs. 50,000 though we were told that even Rs. 1 lakh would not be impossible.

Since our return from the meeting reminders were sent to the Ministry for the sanction of a grant. The attention of the Ministry however at that time was devoted to the organisation of the Technical Conference on Co-operation by the F.A.O. of the U.N.O., at Lucknow, in the later part of October 1949. This Conference was attended by representatives of countries interested in the problems of South-East Asia, including even Great Britain, France and Australia. The Indian Delegation appointed by the Government of India was composed of 16 members. The Honourable Mr. V. L. Mehta, Minister for Co-operation, Government of Bombay was appointed Chairman. Five of the members were representatives of the Indian Co-operative Union, which gave a definite recognition to the Union by the Government of India. The following Five members of the Union attended the Conference as delegates:

1. Dewan Bahadur Professor H. L. Kaji, 2. Shri T. A. Ramalingam Chettiar, 3. Mr. Dip Narayan Sinha, 4. Mr. Bhailal Bhai J. Patel, 5. Mr. Satagur Prasad Chaudhary.

Following the usual procedure at such meetings, the Honourable Mr. V. L. Mehta was appointed Chairman and in his place, Dewan Bahadur Professor H. L. Kaji, President of the Indian Co-operative Union was appointed Leader of the Indian Delegation. The Conference went off very well and the Indian Delegation acquitted itself quite satisfactorily.

Taking advantage of this Conference, the 2nd meeting of the Executive Committee of the Union, was convened early in November at Lucknow. For want of funds the Union has not been able to pay the travelling expenses to the members of the Executive Committee and yet the meeting was very well attended.

The year 1950 was seemingly an year of inactivity on the part of the Union. This was not really so. A lengthy correspondence ensued between the Union and the Ministry of Agriculture to the Government of India on the following subjects :—

1. Adequate Grant to the Union. 2. Permission to hold the Amalgamated Conference. 3. Registration of the Union at Delhi.

Correspondence with Government is rarely quick; it is as usual slow and much delayed. The Government's reply to our letter asked for the budget of the Indian Co-operative Union, so that Government could see what exactly our needs were. We wrote to them that our budget in the past had no relation to the expanded function of the Union and that therefore a budget estimated for the Union as properly constituted with an efficient, though small, Secretariat at Bombay, an efficient though small editorial and publication staff at Madras and an efficient, though small staff for the Office of the Honorary General Secretary at Baroda, would be sent shortly. This budget was sent, a copy of which is herewith annexed. No reply was forthcoming for many months. A reminder was sent and the reply asked for a fresh copy of the budget, which they could not trace in their files. No answer has been received so far to that. The question of the grant therefore remains unsolved as before.

The Government of India was addressed on the question of our holding the amalgamated Conference. The reply when it came asked why it was necessary to hold the Conference then. When we replied that it was necessary in view of the great expansion the Movement was undergoing since the last Conference of the Registrars' held in May 1947, we were then asked about the agenda. We were asked about when we wanted to hold the Conference. In this way a lengthy correspondence ensued and we

are glad that the Government in April 1951 gave us the necessary permission to hold the amalgamated Conference and sanctioned a grant of Rs. 6,000 for that purpose.

The question of the registration of our Union was taken up with the Government of India and we asked that our Union be registered under the Multi-Unit Co-operative Societies' Act of 1942 with the Central Government. We were told, that that was not possible and that we should get our Union registered with one of the State Governments. We applied to the Bombay Registrar; but he pointed out some difficulties. The Union had no establishment and no separate Office at Bombay; while at Madras it had a portion of a Building, donated to it by the late President, Mr. V. Ramadas Pantulu, where was located the Office of the *Indian Co-operative Review*, the quarterly organ of the Union. It was therefore felt desirable to get the Union registered at Madras. We accordingly applied to the Madras Registrar. Correspondence went on between the two Registrars, and the matter is still pending.

All such correspondence takes much time and energy on the part of the President who had but a casual part-time clerk to assist him. Such work does not become known to outsiders who naturally feel that the Union was comatose. How can the activities of the Union be carried out when several of the Madras Provincial Societies do not join and pay subscriptions to the Union because we were un-registered and with no funds even to pay the subscription to the International Co-operative Alliance? Funds are vital. We have been pressing the Government of India for a liberal grant and we do hope that the Congress will lead to an appreciation of the work of the Union and its place in the co-ordinated scheme of things relating to the Co-operative Movement in India.

The President furnished letters of introduction to Mr. S. P. Chaudhari, and Mr. Madhavrao Anwari on the occasion of their visits to England and the Continent. Replies were received and they were duly forwarded to the members concerned. We further furnished a letter of introduction to one Mr. Parikh who wanted to proceed to England and join the Co-operative College at Loughborough near Leicester and a very favourable reply was received from Mr. Marshall, the Principal. Mr. Parikh has returned with a good knowledge of the Co-operative Movement in England and abroad. Besides these, letters of introduction were written to some authorities suggesting that some of our Members

Resolutions passed at the First Meeting of the Executive Committee of the Indian Co-operative Union held at Delhi on 8th Aug. '49.

Resolution No. 1—(a) This Committee notes with satisfaction, the initiative taken by the F. A. O. to hold the First Asian Co-operative Conference (East and Far East) in India and offers its co-operation to the F. A. O. and to the Ministry of Agriculture Government of India, to make the Conference a success.

(b) The Indian Co-operative Union being the national co-operative organisation, it is in the fitness of things that the non-official members of the Indian delegation to F. A. O. Asian Co-operative Conference, should be nominated by the Government of India in consultation with the Indian Co-operative Union.

(c) In case the Government of India asks a the Indian Co-operative Union to submit the list of non-official members to be selected as members for the Indian delegation, the President is authorised to send the names from the members of the Executive Committee.

Resolution No. 2—In view of the great importance of the Co-operative Movement particularly at the present juncture this Committee requests the Central and Provincial Governments to give adequate representation to the Co-operative Movement on all Economic Committees, statutory and otherwise, and on all Economic Delegations sent abroad.

Resolution No. 3—The next meeting of the Executive Committee may be held at Lucknow previous to the meeting of the F. A. O. Asian Co-operative Conference.

Resolution No. 4—The following members were appointed on the Editorial Sub-Committee of the *Indian Co-operative Review*.

1. Dewan Bahadur H. L. Kaji, Chairman,
2. Sri. T. A. Ramalingam Chettiar,
3. Sri N. Styanarayana,
4. Sri. V. Venkatachalam,
5. Sri. K. C. Ramakrishnan, Managing Editor.

Sri. B. J. Patel, General Secretary, will be an Ex-Officio Member of the Committee.

The Managing Editor should be paid Rs. 1,000 per annum as honorarium.

Resolution No. 5—The scale of T. A. for the members of the Executive Committee of the Indian Co-operative Union be fixed as below :—

First class single railway fare both ways and Rs. 15 per day as daily allowance.

N. B. 1. Payment to be made funds permitting.

N. B. 2. This would apply to the present meeting also.

Resolution No. 6—The Indian Co-operative Movement being a part of the world Co-operative Movement it is necessary that the

Indian Co-operative Movement should maintain constant contact with the co-operatively advanced countries. The President and Secretary are authorised to arrange tours overseas for this purpose.

Resolution No. 7—Co-operation being a technical subject, this Union requests the Government of India that co-operative workers, also should be included in the personnel to be sent abroad to study higher and technical aspects of Co-operation, in accordance with President Truman's offer point No. 4, to give technical assistance for the development of the country.

(Holding of the meetings of the Executive Committee at different centres of the country so that the members of the Executive Committee may come into closer contact with Provincial workers, was accepted in principle)

Resolution No. 8—It is resolved that steps be taken to organise Provincial Institutes in Provinces and States where there are none.

Resolution No. 9. — I. Resolved that a Special Sub-Committee on Co-operative Insurance be appointed with the following members :—1. Mr. Madhav Rao Anwari, 2. Mr. V. Jaggaraju, 3. One member to be co-opted in consultation with the Bombay Co-operative Insurance Society, 4. One member to be co-opted in consultation with the South India Co-operative Insurance Society, 5. One member to be co-opted from the Mahagujarat Co-operative Insurance Society.

II. Resolved that the following sub-committees be appointed for better farming and trading :—

Better Farming Sub-committee : 1. Mr. Dip Narayan Sinha, 2. Mr. N. Satyanarayana, 3. Mr. G. R. Nalwade, 4. Mr. Dalip Mansingh, 5. Mr. R. U. Patel, 6. Mr. M. P. Kolhe.

Co-operative Trading Sub-committee : 1. Sri S. P. Choudhari, 2. Mr. Madhav Rao Anwari, 3. Mr. A. B. N. Sinha, 4. Mr. Mir Akbar Ali Khan, 5. Mr. K. A. Nachiappa Gounder, and 6. Mr. S. Srinivas.

The Hon. General Secretary of the Union shall be *ex-officio* member of the above three committees.

The appointment of sub-committees on banking, marketing etc. has been postponed for consideration to the next meeting of the Executive Committee.

Resolution No. 10.—In view of the fact explained by the General Secretary it is resolved that the matter of realisation of funds from Mr. Bashir Ahmad Khan be dropped finally.

Resolution No. 11.—It is resolved to raise the subscription of the *Indian Co-operative Review* from Rs. 6 to Rs. 8 per annum.

THE INDIAN CO-OPERATIVE UNION

Estimated Expenditure For One Year

	Rs.	Rs.
I. Head Office (Bombay).		
(a) Staff	28,000	
(b) Office	14,000	
(c) Indian Co-operative Congress	10,000	
(d) Summer School	15,000	
(e) Publications & Bulletins	10,000	
(f) Travelling Allowances: Executive Committee Meetings, Tours of Office Bearers.	25,000	
		1,02,000
II. Branch Office :—(General Secretary—Baroda)		
(a) Staff	6,000	
(b) Office	2,000	8,000
III. Journal's Office (Madras)		
(a) Staff	24,000	
(b) Office, Printing, etc., less sub- scriptions, advts.,	4,000	
(c) News Letter	2,000	30,000
Total		1,40,000

Estimated Income

17 Provinces, States & Unions, Average of 8 provincial societies, Average subscription Rs. 250, 51 X 250	12,750
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Capital Expenditure

Furniture, Typewriters Etc.,	10,000
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DETAILS OF ITEMS

I. Head Office at Bombay.	Rs.
(a) Staff : Manager : Rs. 500—50—750 E. B.— 50—1000. Average 750	9,000
Asstt. Manager : 200-25-400 E. B.-25-600 Average 400	4,800
Stenographer 125-10-175 E. B.-15-250, Average 185	2,220
3 Clerks 100-10-150 E. B.10-200, Average 150 per each	5,400
2 Peons 25-2-35, E. B.-2-50, Average 40 per each.	960
	22,380
Dearness Allowance at 25%	5,595
Total	27,975

(b)	(i) Rent Rs. 250 p.m.	3,000
	(ii) Printing & Cyclostyping	5,000
	(iii) Electricity & Telephone	1,000
	(iv) Postage & Telegrams	1,000
	(v) Library and Reading Room	2,000
	(vi) Miscellaneous	2,000
		14,000

Travelling Allowances :

(i) Executive Committee	15,000
(ii) Office Bearers	5,000
(iii) Inter-provincial Contacts	5,000

Total

25,000

II. A. General Secretary's Office—Baroda.

1. Stenographer, Average Pay Rs. 185	2,220
2. Clerk, Average Pay Rs. 150	1,800
3. Peon. Average Pay Rs. 40	480

Total

4,500

Dearness Allowance at 25%

1,125

5,625

III. A. Journal and Publications' Office, Madras.

Staff : Editor, Average pay Rs. 750	9,000
Asstt. Editor or Manager, A. P. Rs. 400	4,800
Stenographer, Average pay Rs. 185	2,220
Clerk, and Proof Reader, A. P. Rs. 150	1,800
2 Peons, Average pay Rs. 40 per each	960

Total

18,780

Dearness Allowance 25%

4,695

Total

23,475

Basing the estimates on the starting salary instead of the average salary, of the staff, the expenditure would go down by about Rs. 23,000.

Besides, we may not be able to bring all the proposed activities into full swing in the first year and this would reduce the estimates by about Rs. 12,000.

The estimated expenditure for the first year would therefore be Rs. 1,40,000 less Rs. 35,000, that is Rs. 1,05,000.

The capital expenditure would roughly be met from our Members' Subscriptions.

Hence the minimum Grant for the First Year should be Rs. 1,00,000.

APPENDIX B.

THE INDIAN CO-OPERATIVE UNION.

Statement of Receipts and Payments account for the period from 1st April, 1949 to 31st December, 1951.

RECEIPTS.		Rs. A. P.		PAYMENTS.		Rs. A. P.	
To Balance (opening)	...	37	12 0	By membership fee to International Co-operative Alliance	...	536	2 3
Cash on hand	...			Postage and Telegrams	...	471	6 6
Cash at Bank	...			Miscellaneous Expenses	...	949	10 0
(Madras Provincial Co-operative Bank)	...	2,774	9 6	Contingent Expenses	...	42	0 0
				Printing and Stationery	...	417	4 0
To Subscription from members				Travelling Expenses	...	2,119	13 6
To Interest from Bank				Subsidy to the Indian Co-operative Review	...	1,800	0 0
To Miscellaneous Income Receipts				Salary	...	865	0 0
				Bank Commission	...	22	14 6
				Cash and Bank Balances:—			
				Cash on hand as per cash book	...	78	2 6
				With Baroda Central Co-operative Bank Ltd.	1,650	4	8
				With the Bombay Prov. Co-operative Bank Ltd.	363	9	3
Total Rs. ...	9,316	3	2	Total Rs. ...	2,092	0	5

We have checked the above Statement of Receipts and Payments of The Indian Co-operative Union from 1st April 1949 to 31st December 1951, with the books of the Union and the certified Statements of the Bombay and Madras Offices and certify that the above Statement of Receipts and Payments according to the information and explanations given to us and as shown by the books of the Union and the certified Statements of Bombay and Madras Offices is correct.

B. J. PATEL

Hon. Gen. Secretary.

Baroda

16th Feb. 1952.

M. M. CHOKSHI & Co.
Chartered Accountant.

THE INDIAN CO-OPERATIVE REVIEW

Statement of Receipts and Payments account for the period from 1st April, 1949 to 31st December, 1951.

RECEIPTS.		Rs. A. P.		PAYMENTS.		Rs. A. P.	
To opening balances	455	1	3	By Paper	...	2,343	15 6
With M.P.C. Bank	109	3	3	Printing Charges	...	2,945	14 3
Cash on hand				Establishment Charges	...	9,568	8 0
				Stationery	...	243	8 10
Subscriptions				Postage	...	1,433	0 3
Advertisements				Telephone Charges	...	204	4 0
Subsidy from Indian Co-op. Union				Lighting Charges	...	56	0 0
Dividend from C.C.P. Works				Books and Newspapers	...	181	4 3
Amount due to C.C.P. Works for their printing bills				Travelling Expenses	...	82	14 0
Amount due to Indian Co op. Union...				Conveyance Charges	...	371	1 6
				Taxes	...	125	14 6
				Audit Fees	...	50	0 0
				Bank Commission	...	23	1 6
				Miscellaneous Expenses	...	274	7 3
				Co-operative Congress	...	71	14 6
				Building Repairs	...	50	0 0
				Old printing bills of C.C.P. Works paid	...	281	15 6
				Old paper bills of Husson Ali & Sons paid	...	664	0 0
				Advances recoverable	...	599	5 9
				Closing balances:			
				With M.P.C. Bank	126	3	11
				Cash on hand & stamps	159	8	9
Total Rs. ...	19,806	13	6	Total Rs. ...	19,806	13	6

THE INDIAN CO-OPERATIVE REVIEW

(Quarterly Journal of the Indian Co-operative Union)

INDEX TO VOLUME XVII—1950

EDITORIAL NOTES

	Page
Rural Banking Committee Recommendations	1
Revision of Land Values in Land Mortgage Banks	2
Financing of Agriculturists in dry areas by Land Mortgage Banks	8
Consumers' Co-operation in Bombay	5
I. L. O. Asian Technical Conference on Co-operation	8
Reserve Bank and Co-operative Credit	99
Weavers' Societies and their Problems	101
Long Vs. Short-term Credit in Madras	104
Income-tax Amending Bill and Co-operative Debentures	105
The Late Prof. S.K. Yegnanarayana Ayyar	107
Deofficialisation of the Co-operative Movement	206
Principle of Honorary Service	209
Superiority of Co-operative Trading	210
Idea of Co-operative Commonwealth	211
The Ministry of Co-operation	218
First Five-Year Plan and Co-operation	298
State Plans of Co-operative Development	301

ARTICLES

Views on the Report of the Rural Banking Enquiry Committee	
By Dr. G.D. Agarwal	17
By Prof. H.S. Azariah	20
By Dr.M. Srinivasan	21
By C.W.B. Zacharias	24
By Mahesh Chand	25
By S.V. Duraiswami Ayyar	27
By Dip Narayan Sinha	28
By Shyam Nandan Sahay	29
By Prof. P.N. Driver	31
Reorganisation of Agricultural Credit in Uttar Pradesh	
By Ved Prakash Sharma	37
Food Problem and Co-operation	
By A.B.N. Sinha	42

	Page
Weavers' Societies in Madhya Pradesh <i>By N.S. Dashottar</i>	118
Weavers' Societies in the East Punjab <i>By Sardar Balwant Singh</i>	120
Weavers' Societies in Orissa <i>By A.N. Mahapatra</i>	124
Weavers' Societies in Rajasthan <i>By R.P. Bhargava</i>	130
Weavers' Societies in Bombay State <i>By R.N. Trivedi</i>	136
Weavers' Co-operatives in Bombay State— Role of Central Organisations <i>By L.N. Renu</i>	143
Weavers' Societies in Madras <i>By Vizwanath in Tekumalla</i>	153
Weavers' Societies in Bihar <i>Contributed by the Co-operative Department, Bihar</i>	163
Superiority of Co-operative Trading <i>By S.V.S. Sharma</i>	217
Deofficialisation of the Co-operative Movement <i>By R. Suryanarayana Rao</i>	258
<i>By Prof. S. Kesava Iyyengar</i>	261
<i>By Prof. K.R. Kulkarni</i>	264
<i>By Sanat Kumar Chatterji</i>	268
Principle of Honorary Service <i>By R. Suryanarayana Rao</i>	276
<i>By Sanat Kumar Chatterji</i>	278
Co-operative Farming and the Five-Year Plan <i>By Kalipada Bhattacharjee</i>	302
Co-operation and Planning <i>By Hon'ble Sri Vaikunth Lal Mehta</i>	305
Co-operation in Reorganisation of Agriculture <i>By Prof M.L. Dantwala</i>	308
Co-operation and the First Five-Year Plan <i>By Prof. P.N. Driver</i>	311
The Co-operative Movement and the Indian Five-Year Plan <i>By Prof. S. Kesava Iyyengar</i>	322
Agricultural Co-operation in Planning <i>By Dr. Baljit Singh</i>	325
Co-operation and Planning in India <i>By Mahesh Chand</i>	332
Co-operative Village Management <i>By N.S. Mani</i>	336

NOTES

	Page
Schemes Included in the Five-Year Plan for Madras State ...	341
Co-operative Development for Bihar in the 2-Year and 5-Year Plans ...	353
Co-operative Development for Assam in the Five-Year Plan ..	356
Co-operative Development for East Punjab ...	360
Co-operative Development Schemes for Mysore ...	361
Co-operative Development Plan for Pepsu ...	366
Plan for Dairy Development in the State of Travancore-Cochin ...	367
Five-Year Co-operative Development Plan for Vindhya Pradesh ...	370
Planning of Co-operative Movement in Bombay State ...	374
The Co-operative Development Plan in Uttar Pradesh ...	383

REVIEWS

<i>Madras Agriculture</i> by C.W.B. Zacharias—M. Kanti Raj ...	56
<i>Co-operative Societies for Fishermen</i> (R.B.I.)—D.D.A. ...	57
<i>Co-operative Housing</i> (R.B.I.) ...	57
<i>Co-operative Education</i> (R.B.I.) ...	58
<i>Review of the Co-operative Movement in India, 1946-48</i> (R.B.I.)—C.D.P. ...	59
<i>The Hyderabad Co-operative Journal</i> (Hyderabad Central Co-operative Union) ...	60
<i>Land Mortgage Banks</i> (R.B.I.) ...	166
<i>Multipurpose Co-operative Societies</i> (Telugu) by N. Satyanarayana—M.D. ...	168
<i>Sunhala Sansar</i> (Hindi) by G.S. Bharatiya—S.V.S. ...	170
<i>Co-operative Problems in India</i> by Mahesh Chand—N.S.M....	171
<i>Agricultural Marketing in India</i> by Prof. K.R. Kulkarni—S.N.V. ...	281
<i>Consolidation of Holdings</i> (R.B.I.)—V.N.T. ...	282
<i>Co-operators' Year Book, 1951</i> (Co-operative Productive Federation, Leicester)—C.D.P. ...	282
<i>Statistical Statements Relating to the Co-operative Movement in India, 1949-50</i> (R.B.I.)—C.D.P. ...	284

CO-OPERATIVE CONFERENCES AND MEETINGS

I.L.O. Asian Technical Conference on Co-operation ...	45
Conference of Consumers' Co-operative Societies in Bombay State ...	61
Mysore Provincial Co-operative Conference—Presidential Address ...	73
Inaugural Meeting of the All-India Co-operative Fire and General Insurance Society, Bombay ...	81
XVI Land Mortgage Banks' Conference, Madras ...	85
The VIII Bombay State Co-operative Banks' Conference ...	172

XXIV Madras Co-operative Central Banks' Conference ...	Page 191
Proceedings of the III Meeting of the E.C. of the Indian Co-operative Union ...	199
The VIII Tamilnad Co-operative Conference ...	286

EXTRACTS

The Co-operative Movement in Brazil, Uruguay and Argentina By Emil Lustig ...	94
Government and the Co-operative Movement (Policy laid down by the Government of India; 1914) ...	233
Deofficialisation of the Co-operative Movement— Some Excerpts from the Writings and Speeches of The Late Hon'ble Mr. V. Ramadas Pantulu ...	237
Some Excerpts from the Writings and Speeches of Dewan Bahadur Prof. H.L. Kaji ...	248
Whither Co-operation By Sir Muzilal B. Nanavathi ...	389
The I.C.A. in Epitome ...	394
Co-operative Principles—A Definition by I.C.A. ...	295
The 29th International Co-operative Day—Declaration of the I.C.A. ...	204
Letter to the Editor ...	55
News and Views	11,109,214
All-India Co-operative Day Message by Prof. H.L. Kaji ...	205
Acknowledgements ...	171

ERRATUM

P. 241, Line 28 For 'hearsays' Read 'heresies'.

The Madras State Co-operative Bank, Ltd.

Head Office:—379, Netaji Subhas Chandra Bose Road, Madras 1.

Balance Sheet as on 30th June, 1951.

Liabilities.		Assets.	
	Rs.		Rs.
Capital ...	14,86,600	Cash ...	18,49,402
Reserves ...	51,50,610	Investment in Govt.	
Deposits & Borrowings.	789,65,149	Securities ...	207,30,072
Sundries ...	38,66,016	Other investments ...	21,83,107
Profit & Loss A/c. ...	4,18,709	Loans and Overdrafts	612,84,325
		Sundries ...	38,40,178
Total ...	898,87,084	Total ...	898,87,084

Analysis of Working.

	Years ending 30th June			
	1948 Rs.	1949 Rs.	1950 Rs.	1951 Rs.
Paid up Capital ...	8,98,900	14,64,200	15,00,000	14,86,600
Reserves ...	44,99,120	49,92,234	50,04,278	51,50,610
Fixed, Current and other deposits ...	5,60,53,821	3,90,50,026	4,29,35,969	4,36,25,668
Net Profit ...	4,61,321	3,60,167	2,88,978	3,74,733
Amount transferred to Reserve Fund ...	1,50,000	1,25,000	1,00,000	1,00,000
Other Accounts ...	2,14,526	1,14,000	46,500	1,53,000
Dividend ...	67,677	99,529	1,34,820	1,04,178
Amount Carried Forward ...	55,146	57,373	43,977	36,555

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